

18-D-01859

s 9(2)(a)

Office of Todd Muller MP

s 9(2)(a)

Dear s 9(2)(a)

**Official Information Act request: a split gas target and changes to the NDC**

I refer to your request under the Official Information Act 1982 (the Act) dated 24 August 2018 for:

*"All documents provided to Minister's offices [since the 1st of October 2017] which contain advice or information related to:*

- [part one] *a possible decision for New Zealand adopt a split gases approach (e.g. treating methane different to carbon dioxide) to a 2050 or 2030 climate change target.*
- [part two] *any potential changes to New Zealand's Nationally Determined Contribution to the Paris Agreement. This includes a potential submission of an update to New Zealand's contribution, as requested by UNFCCC decision 1/CP.21."*

There are five documents in scope of part one of your request:

- One of these documents is being released in full to you in response to this request.
- Three documents have been withheld in full under section 9(2)(f)(iv) of the Act: *confidentiality of advice tendered by Ministers of the Crown and officials.*
- The remaining document has already been released to you on 27 August as part of the response to your previous request (18-O-01723). We have reviewed material that has been withheld and consider the withholding grounds still apply.

There is one document partially in scope of part two of your request. The rest of the document is out of scope of your request. In scope material is being partially released. Information has been withheld under the following sections of the Act;

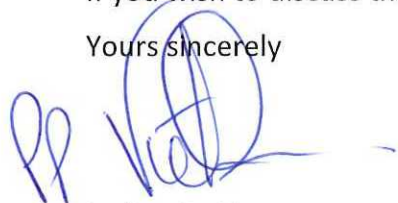
- 9(2)(d): *avoid prejudice to the substantial economic interests of New Zealand*
- 9(2)(j): *enable a Minister of the Crown or any department or organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).*

To provide you with context on the role of the Nationally Determined Contribution and New Zealand's commitment to the Paris Agreement, I refer you to the previously released Cabinet paper, available at: [www.mfe.govt.nz/sites/default/files/media/Climate%20Change/Cabinet\\_paper\\_The\\_100\\_Day\\_Plan\\_for\\_Climate\\_Change.pdf](http://www.mfe.govt.nz/sites/default/files/media/Climate%20Change/Cabinet_paper_The_100_Day_Plan_for_Climate_Change.pdf).

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz) or freephone 0800 802 602.

If you wish to discuss this decision with us, please feel free to contact Executive Relations 0800 499 700.

Yours sincerely



Janine Smith  
**Director, Climate Change Policy**  
Ministry for the Environment

Released under the provision of  
the Official Information Act 1982

List of documents

Document no.	Document date	Content	Decisions	OIA sections applied
1	18/05/2018	Appendix containing Cabinet paper on public consultation on the Zero Carbon Bill	Released in full	N/A
2a	17/08/2018	Briefing attaching early draft final policy decisions Cabinet paper, Regulatory Impact Statement (RIS)	Withheld in full	Section 9(2)(f)(iv)
2b		Appendix containing draft Cabinet paper for final policy decisions on the Zero Carbon Bill		
2c		Appendix containing draft RIS		
3	26/06/2018	Briefing on the role of methane in mitigating climate change	Released on 27 August	Section 9(2)(a) Section 9(2)(f)(iv)
4	21/11/2017	Briefing attaching draft Cabinet paper on process for Zero Carbon Bill	Released in part	Out of Scope, Section 9(2)(d) Section 9(2)(j)

Released under the provision of the Official Information Act 1982

**Chair**

**Cabinet Committee**

## **PUBLIC CONSULTATION ON THE ZERO CARBON BILL**

### **Proposal**

1. I will seek Cabinet approval to release a discussion document (Appendix 1) for public consultation on the proposed Zero Carbon Bill on 28 May. The purpose of the ENV discussion on 22 May is to seek feedback from the Committee members on the draft discussion document. Any consequent changes to the paper would be made before Cabinet considers the discussion document's release on 28 May, pending final changes approved by a delegated group of Ministers. This group would comprise Ministers for Climate Change, Finance, Environment, Forestry, Energy and Resources, and Agriculture, the Associate Minister for the Environment (Hon Eugenie Sage) and the Associate Minister for Transport (Hon Julie Anne Genter).
2. The discussion document will seek public feedback on a range of options for:
  - 2.1 a new greenhouse gas emissions reduction target for 2050;
  - 2.2 a system of emissions budgets to provide stepping stones to reach the 2050 target;
  - 2.3 an independent Climate Change Commission; and
  - 2.4 a range of adaptation measures.
3. This paper also describes the proposed transparent and participatory approach to public consultation.

### **Executive summary**

4. Climate change is a global challenge, and New Zealand has its part to play. Being small does not justify inaction or complacency: our emissions still count. We have a unique opportunity to position ourselves for climate change leadership.
5. To rise to this challenge, Cabinet agreed to introduce the Zero Carbon Bill by the end of October 2018 in a transparent and participatory manner. I now need to seek the public's views on our proposals for the content of the Zero Carbon Bill.
6. I propose to release a discussion document that seeks the public's feedback on the laws and institutions to transition to a low-emissions, climate resilient economy. These include:
  - 6.1 a new greenhouse gas emissions reduction target for 2050;
  - 6.2 a system of emissions budgets to provide stepping stones to reach the 2050 target;
  - 6.3 an independent Climate Change Commission; and

6.4 a range of adaptation measures.

7. In 2050 New Zealand's economy will look very different. I acknowledge that the changes this will require will be challenging, particularly for some sectors and communities, and that there will be associated costs.<sup>1</sup> However, these adjustments are not inconsistent with ongoing economic and land use changes, and, while it will have its challenges, the transition is achievable. If we start now, there will be options for how we transition, and continue to grow, our economy. A number of decisions will need to be made about how far and how fast we transition the economy, and how to ensure it is fair, just, and timely. The sooner we plan for the transition, the less disruptive it will be.
8. The transition will also have several co-benefits. These include improved outcomes for urban environments, public health, air and water quality, and biodiversity. Emerging technologies and firms may also provide opportunities for New Zealand employment, exports, and productivity gains.
9. As highlighted in the Productivity Commission report, *Low-emissions Economy: Draft Report*, there are four key pillars to transition to a low-emissions economy. The Zero Carbon Bill will deliver on one of these by providing a strong Government signal, enduring laws and institutions, stable and predictable policy settings, and incentives for climate-friendly innovation and investment. New Zealanders must be part of the conversation and invested in the future envisaged by the Zero Carbon Bill.
10. I seek Cabinet agreement to release the discussion document, *Zero Carbon Bill: Our Climate, Your Say*, for a six-week consultation period from 7 June – 19 July 2018. The approach to public consultation will be two-fold, both engaging on the technical aspects of the proposals and facilitating a nationwide conversation on climate change. It will use new and innovative tools and means of communication, as well as a series of public meetings around the country.
11. Following Cabinet agreement, I intend to officially release the discussion document on the Ministry for the Environment's website on 7 June 2018, accompanied by an official launch event in Auckland. Following consultation, I intend to report back to Cabinet to seek final policy decisions in August 2018.

## Background

### ***New Zealand is committed to playing its part in the global response to climate change***

12. In 2016, New Zealand signed the Paris Agreement alongside 194 other signatories. In doing so, we committed to communicating nationally determined contributions every five or ten years. We also agreed to support global efforts to keep the global temperature rise below 2 degrees Celsius above pre-industrial levels, and pursue efforts to limit the temperature increase to 1.5 degrees Celsius.
13. The Paris Agreement also created an expectation that New Zealand would develop and communicate a long-term low emissions greenhouse gas

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<sup>1</sup> Economic modelling out to 2050 shows that the economy is expected to grow, but that there will be a cost to reducing emissions. For example, if New Zealand decides on an ambitious net zero emissions 2050 target, our GDP could grow by 1.9 per cent per annum. This is compared to growing at 2.2 per cent per year if we did not take measures to reduce our emissions. This modelling is based on mid-range results.

development strategy. New Zealand's first target under the Paris Agreement is to reduce greenhouse gas emissions to 30 percent below 2005 levels by 2030. We expect to complete our long-term emission reduction strategy before 2020, in accordance with agreed international timelines.

***Cabinet agreed to introduce the Zero Carbon Bill in a transparent and inclusive manner***

14. As part of this Government's commitment to climate change action, Cabinet agreed to introduce a Zero Carbon Bill [CAB-17-MIN-0547 refers]. The Zero Carbon Bill will set a new 2050 greenhouse gas emissions reduction target in law. Establishing this will articulate the direction of travel that will orient our succession of nationally determined contributions, and set the objective of the long term strategy needed to develop and communicate this. The Zero Carbon Bill will also establish an independent Climate Change Commission and define its roles, powers, and functions.<sup>2</sup>
15. The Zero Carbon Bill will provide greater policy stability and certainty for investors. For example, by providing a clear sense of direction, the 2050 target and emissions budgets will incentivise investment in low-emissions technology and new industries, and create jobs. As an independent body that will hold successive governments to account and provide expert analysis and advice, the Climate Change Commission will also provide stability and foster public confidence. However, I also recognise the need to balance stability with the flexibility to respond to technological advances, changes in New Zealand's circumstances, and actions being taken on the world stage. The ability to periodically review the mechanisms proposed by the Zero Carbon Bill, such as emissions budgets and adaptation measures, will ensure they remain relevant.
16. Cabinet also agreed that the development of the Zero Carbon Bill should be open and transparent, and achieve widespread public buy-in. The legislative development process must therefore involve wide engagement and consultation with communities, business and Māori (in line with the principles of Te Tiriti o Waitangi). I will also seek cross-party support to ensure that the Zero Carbon Bill is enduring.
17. The Zero Carbon Bill will play a key role and, in many respects, build on New Zealand's existing climate change commitments. It will provide the architecture for reducing emissions and building resilience to climate change impacts, and give effect to one of the Productivity Commission's primary recommendations for the transition to a low-emissions economy.<sup>3</sup>
18. The Zero Carbon Bill is also supported by the all-of-government framework for climate change policy, which rests on three fundamental commitments:
  - 18.1 **leadership at home and internationally** – domestic action that has a clear and ambitious goal will send a strong signal to stimulate innovation

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<sup>2</sup> This gives effect to Government commitments under both the coalition agreement between the New Zealand Labour Party and New Zealand First, and the Government's confidence and supply agreement between the New Zealand Labour Party and the Green Party of Aotearoa New Zealand.

<sup>3</sup> New Zealand Productivity Commission (April 2018) *Low-emissions Economy: Draft report*, available at <https://www.productivity.govt.nz/inquiry-content/3254?stage=3>. The Productivity Commission identified four pillars, one of which was establishing the law and institutions necessary to achieve stable and credible climate change policy.

and investment, and will be a key way for New Zealand to influence the global response;

- 18.2 **a productive, sustainable and climate-resilient economy** – understanding the benefits and trade-offs of the transition, and identifying the best-value opportunities to encourage innovation, de-couple emissions from growth, and diversify our economy; and
- 18.3 **a just and inclusive society** – managing the pace and nature of the transition, and supporting affected regions, sectors, and communities (including iwi/hapū/Māori) to adjust to the transition and adapt to climate change impacts.

***The Zero Carbon Bill is just one piece of the climate change puzzle***

19. As identified by the Productivity Commission, providing appropriate laws and institutions is just one of the ways that New Zealand can achieve stable and credible climate policy. While the Zero Carbon Bill satisfies this requirement, I acknowledge that there are three additional “pillars” that we will need to work through as a Government:

- 19.1 **emissions pricing** – reforming the structure of the New Zealand Emissions Trading Scheme (NZ ETS) and increasing its coverage;
- 19.2 **regulation and policies** – introducing other pricing mechanisms (e.g. an updated waste disposal levies) and supporting regulations; and
- 19.3 **innovation and investment** – increasing research and development funding for mitigation, promoting innovation in clean technologies, and introducing other targeted low-emissions investments and policies.

20. This Government is committed to improving the NZ ETS, so that it helps us meet our climate change targets. By the end of 2019, I intend for amendments to be made to the Climate Change Response Act 2002 to improve the overall operation and design of the NZ ETS. I expect to return to Cabinet with NZ ETS consultation material later this year, following consultation on the Zero Carbon Bill. There are also likely to be amendments to the Climate Change Response Act 2002 to implement the Paris Agreement.

21. This Government is also committed to assessing the opportunities that exist across the climate change portfolios to encourage innovation and investment in low-emissions technology and development. We acknowledge that pricing and regulations could be used to support the transition.

**Comment**

***I seek Cabinet approval to release a discussion document for public consultation on the Zero Carbon Bill***

22. The Zero Carbon Bill will establish the laws and institutions necessary to transition to a low-emissions and climate-resilient economy. The discussion document, *The Zero Carbon Bill: Our Climate, Your Say* (provided in Appendix 1), outlines our key proposals under the Zero Carbon Bill.

23. In addition to setting a new 2050 target in law and establishing the Climate Change Commission, I propose that the Zero Carbon Bill establishes the architecture to support emissions budgets and a number of adaptation measures.

24. I seek approval to release the discussion document (Appendix 1), and to commence a six-week consultation period from 7 June to 19 July 2018.

***The discussion document will seek the public's views on a 2050 target, emissions budgets, the Climate Change Commission, and adaptation measures***

25. The following sections detail the proposals contained in the discussion document. They also indicate the options that will be consulted on and whether particular options are recommended.

#### *2050 target*

26. The 2050 target included in the Zero Carbon Bill could take several forms and could be set at various levels.

27. A legislated 2050 target will have significant impacts for New Zealand, and how we transition to a low-emissions, climate resilient future. Generating a public conversation on the available options is critical, as each would have different implications for how we meet our obligations under the Paris Agreement and affect our overall economic outcomes.

28. I propose consulting on the following options:

**Table 1: Options for the 2050 target**

Option	Description
Status quo	Current gazetted target of a 50% reduction below 1990 levels by 2050
Net zero carbon	New Zealand would be committed to reducing its net carbon dioxide emissions to zero by 2050 (note: this would only apply to carbon dioxide, not other gases)
Net zero long-lived gases and stabilised short-lived gases	New Zealand would need to reduce its long-lived gases (e.g. carbon dioxide and nitrous oxide) to net zero by 2050, while also stabilising the flow rate of short-lived gases (e.g. methane)
Net zero emissions	New Zealand would need to reduce its impact on the climate to zero by achieving net zero emissions across all greenhouse gases

29. I also recommend consulting on a potential role for the Climate Change Commission in the target-setting process, as proposed by the Parliamentary Commissioner for the Environment. This would mean that the government would put a general statement of ambition into the Zero Carbon Bill and specify the exact quantitative target once the Climate Change Commission has provided advice to them on what this level should be.

30. To understand the benefits and the challenges of the transition and the impacts of the 2050 target options, economic analysis and modelling have been undertaken.

31. Stronger climate policies and higher emissions prices are expected to have a range of benefits. These include improved public health, less time lost in traffic congestion, and improved water quality. Taking immediate action to reduce the danger of climate change is also likely to minimise future damage to our infrastructure and economy.

32. While the models can help us understand what might happen as New Zealand transitions its economy, the uncertainties increase as we look further into the future. I recognise that a great deal could change over the next three decades, both domestically and globally, and emphasise that the modelling results therefore need to be treated as indicative, not conclusive.
33. The modelling indicates that New Zealand's economy can continue to grow under each of the 2050 target scenarios. However, this economic growth may occur more slowly than it might in the absence of any further climate action. For example, if we make ambitious efforts to become a net zero emissions economy, New Zealand's GDP could grow by 1.9 per cent every year. This is compared to growing at 2.2 per cent every year, assuming that New Zealand does not take steps to reduce emissions. This is based on mid-range results from two different modelling exercises.
34. However, it is important to recognise that this growth is not guaranteed. To grow, there must be continued innovation throughout New Zealand's economy. For example, the development of a methane vaccine that could materially reduce the emissions from livestock would be an important tool for us to keep the costs of our transition down.
35. The modelling also shows that the economic impacts of meeting these targets will not be felt evenly, as some households and sectors are likely to face higher costs and more disruption than others. Our commitment to a just transition means we need to be mindful of ways to mitigate costs to households.
36. It is likely that land use changes will be among the most complex and substantial involved in the transition. In order to meet any of the 2050 targets, for example, the forestry estate will need to expand substantially.
37. The most ambitious target proposed is net zero emissions. To achieve this target by 2050, the modelling suggests that up to 2.8 million hectares of new forest planting might be needed. This represents 10 per cent of New Zealand's land area. To ensure that the transition is just, the plans that we make will need to ensure rural households and communities are well-prepared for any changes in land use that occur.

#### *Emissions budgets*

38. Emissions budgets can also be described as interim targets or stepping stones. They represent smaller, more manageable targets that will help us achieve our overarching 2050 target. In addition to providing greater certainty around the transition pathway, these will allow us to monitor progress and ensure successive governments remain on track to meeting our 2050 target.
39. I propose consulting on what an emissions budgeting system could look like.
40. I suggest that the Climate Change Commission recommend the level of the emissions budgets, and that the Government would be required to publicly respond with plans to achieve them. Targets and emissions budgets could also be revised to respond to significant changes in the economy and technological advances, and respond to actions taken in other parts of the world.
41. I also propose consulting on the intent and high-level design of emissions budgets. This will invite comment on key elements, including options for the look-ahead period, the duration of each budget, the ways in which emissions budgets

are monitored, reviewed, and revised, and whether emissions reductions can be banked or borrowed from one budget to the next. This will include the Parliamentary Commissioner for the Environment's suggestion of emissions budgets that have a six year duration and are reviewed every three years.

42. My preference is for emissions budgets to be set 10-15 years in advance, with each budget specifying an allowable volume of emissions for a five year period. Future budgets could be revised within a given threshold to allow for economic and technological changes. Some 'banking and borrowing' could be allowed between emissions budget periods (within limits).
43. The Government would need to respond to emissions budgets with plans and policies detailing how New Zealand can meet them. These would be prepared, published and maintained by the Government and help support our transition to a low-emissions, climate resilient economy.

*Climate Change Commission*

44. The Zero Carbon Bill could establish the Commission to provide expert advice and hold successive governments to account for progress towards our 2050 target.
45. I propose that the consultation document outlines the full range of potential roles that the Commission could have (from a purely advisory role through to a decision-making and policy setting role), indicating a preference for a core set of advisory functions and a statutory requirement that the Government publicly responds to the Commission's recommendations. Under this model, the Commission would be a sound source of independent advice, but the Government would retain its ability to make policy decisions and determine trade-offs across the economy and society.
46. I also propose consulting on the advisory functions that the Commission could play in respect of the 2050 target, emissions budgets, and adaptation measures. My preferences are detailed in Table 2 below.

**Table 2: Proposed functions of the Climate Change Commission**

Area	Proposed functions
Emissions budgets	<ul style="list-style-type: none"> <li>• Advise on the most appropriate level of an emissions budget, considering:               <ul style="list-style-type: none"> <li>○ the extent of reliance on international emissions reductions;</li> <li>○ the 2050 target;</li> <li>○ Nationally Determined Contributions under the Paris Agreement;</li> <li>○ the extent to which sectors covered by the NZ ETS should reduce emissions; and</li> <li>○ areas across the economy where there are opportunities to reduce emissions.</li> </ul> </li> <li>• Advise on areas of the economy that the Government could focus on to achieve emissions budgets.</li> <li>• Advise on the revision of emissions budgets and the upper limit of international units to be used in a budget period (subject to various considerations).</li> <li>• Monitor and assess New Zealand's performance and progress against</li> </ul>

	the emissions budget.
2050 target	<ul style="list-style-type: none"> <li>• Periodic check-ins on whether any changes need to be made to the 2050 target</li> </ul>
Adaptation measures	<ul style="list-style-type: none"> <li>• Monitor the Government's progress in addressing the risks posed by climate change.</li> </ul>
General advice	<ul style="list-style-type: none"> <li>• Provide independent advice as and when requested.</li> </ul>

47. I also propose consulting on options for the Commission's role in relation to the NZ ETS. The first option is for the Commission to hold a formal advisory role in respect of the NZ ETS settings that would best support reaching the 2050 target (as per Table 2). The alternative option is for the Commission to have a stronger, decision-making role around the supply of New Zealand Units to the market. In coming to a decision, the perceived stability and predictability of the scheme will need to be considered, alongside the need for flexibility to respond to changing circumstances (e.g. economic shocks or natural disasters) and the ability of the Government to consider the NZ ETS in the context of other policy interventions, and its fiscal obligations.

48. I also recommend that we consult on the expertise that the Commissioners should have.

#### *Adaptation measures*

49. I propose that the Zero Carbon Bill introduces several core adaptation measures to ensure that climate change risks are managed in a systematic way. These measures include a National Climate Change Risk Assessment, a regularly reviewed National Adaptation Plan, and Adaptation Reporting Powers.

50. I recommend consulting on the parameters, scope and scale of both the National Climate Change Risk Assessment and National Adaptation Plan.

51. The proposed National Climate Change Risk Assessment would inform decisions about where New Zealand should invest its effort to reduce climate risk and minimise the cost of future climate-related disaster response and recovery. This publicly available report would help align New Zealand's approach to climate change adaptation across all sectors, and stimulate action in a systematic way. It would also provide the necessary foundation for investment and decision-making and guide future work. In addition, it would provide the evidence base needed to effectively communicate current and future risks and opportunities. I propose that the Assessment be updated every five years, to ensure it is responsive to New Zealand's needs.

52. Developed by the Government in collaboration with key stakeholders (including hapū/iwi/Māori), the proposed National Adaptation Plan would provide a planned response to climate change risks and prioritise the ways in which these should be addressed. The Plan would be based on strong scientific evidence, provide robust information, and raise awareness of climate change risks. It could also clarify the roles and responsibilities for climate change adaptation across different statutes (other than the Zero Carbon Bill) and sectors, and determine who needs to act on what and when. In addition, the plan would utilise existing policy levers, integrate climate change risks into decision-making, and recognise the importance of

coordination, collaboration and cooperation across government, sectors, and New Zealand society more broadly.

53. I propose that implementation of the National Adaptation Plan is regularly reviewed to ensure it is enduring and leads to effective adaptation action. This review could be undertaken by the Climate Change Commission (or a similarly independent body) at the mid-point of the five year cycle. The review would inform the next National Adaptation Plan, reprioritising actions and resources as required.

54. I would also seek New Zealanders' views on whether the Government should further investigate an Adaptation Reporting Power. This could result in some organisations sharing information on their exposure to climate change risks.

55. Feedback would also be sought on the respective roles of central government and the Climate Change Commission for each of these measures.

***Authority for finalising the discussion document could be delegated to the Climate Change Ministers***

56. I propose that Cabinet approve the release of the discussion document, but delegate responsibility for any final changes to the Ministers for Climate Change, Finance, Environment, Forestry, Energy and Resources, and Agriculture, the Associate Minister for the Environment (Hon Eugenie Sage), and the Associate Minister for Transport (Hon Julie Anne Genter).

***Consultation will be transparent and participatory, engaging as many New Zealanders as possible***

57. Climate change will affect all New Zealanders and impact every area of the economy. The Zero Carbon Bill will provide the laws and institutions needed to effectively transition to a low-emissions climate resilient economy. Its development therefore needs to be transparent and participative, and involve as many people as possible.

58. My officials have accordingly developed an engagement strategy that is designed to engage a broad range of New Zealanders. The approach is two-fold. It will promote engagement on the technical detail that could be included in the Bill, and also target individuals who do not normally participate in government consultation.

***Formal consultation on the technical detail***

59. To meet legislative good practice and ensure an efficient and effective drafting process, we need to provide enough policy detail and analysis of the available options to enable informed decisions on specific components of the Bill.

60. I propose that this be informed by traditional consultation mechanisms, including:

- 60.1 the publication of the discussion document (Appendix 1);
- 60.2 technical workshops (facilitated by the Ministry for the Environment);
- 60.3 one-on-one engagement with key stakeholders.

***Nationwide engagement and a "call to action" more broadly***

61. We also need to engage those who are not interested in the technical detail of the Zero Carbon Bill and/or do not typically engage in public consultation processes

62. To ensure that a truly national conversation takes place, this should involve new and comprehensive forms of engagement, including:

- 62.1 working with partners, such as iwi/hapū/Māori;
  - 62.2 showing action that individuals, organisations, businesses and others are taking on climate change;
  - 62.3 headlining with a “call to action” that mobilises New Zealanders to have their say on key issues and do their bit to reduce emissions.
63. This should involve social media platforms and innovative ways of presenting information and receiving feedback.

### **Consultation**

64. Relevant government agencies have been consulted on the contents of this paper. These include the Treasury, Ministry for Primary Industries, Ministry of Business, Innovation and Employment, Ministry of Foreign Affairs and Trade, Ministry of Justice, Ministry of Transport, State Services Commission, Department of Conservation, Department of Internal Affairs, Te Puni Kōkiri, Ministry for Culture and Heritage, Ministry for Women, Energy Efficiency and Conservation Authority and the New Zealand Transport Agency.
65. The Department of the Prime Minister and Cabinet (Policy Advisory Group) has been informed and has reviewed the proposals in this paper.
66. The Climate Change Ministers’ group has also met twice to discuss the narrative of the discussion document and the economic modelling that informs it.

### **Financial implications**

67. The release of the appended discussion document has no direct financial implications.
68. On 18 December 2017, Cabinet approved funding of \$0.460 million for 2017/18 and \$0.180 million for 2018/19 for the development of the Zero Carbon Bill. This includes consultation and associated costs, and the drafting and legislative process [CAB-17-MIN-0547.01].
69. Budget 2018 sets aside \$2.207 million of funding in a tagged contingency to contribute to the costs that the Ministry for the Environment will incur in the establishment of the Climate Change Commission.
70. I intend to report back to Cabinet to seek final policy decisions in August 2018. At that time I will seek Cabinet approval to draw down on the tagged contingency, so that the Ministry can begin the work necessary to establish the Commission. I will also seek funding for the on-going funding of the Climate Change Commission.
71. The Treasury and the Ministry for the Environment will further investigate options for reporting on the fiscal implications of legislated climate change targets and progress towards them. This work will be available to inform final Cabinet policy decisions on a target for inclusion in the Zero Carbon Bill.

### **Human rights**

72. The proposals in this paper and the attached discussion document are consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

## **Te Tiriti o Waitangi**

73. I acknowledge the impact that climate change is likely to have on Māori communities nationwide, and that much of the Māori economy is involved in natural resource management, including forestry, agriculture and the marine environment.
74. I propose that the architecture put in place by the Zero Carbon Bill acknowledges the Government's obligations under Te Tiriti o Waitangi. For example, I propose that, when consulting and providing advice, the Climate Change Commission acts consistently with the principles of Te Tiriti o Waitangi and the responsibilities that flow from them. I also recommend that the Climate Change Commission contains expertise in mātauranga Māori, Te Tiriti o Waitangi, te reo me ona tikanga Māori, and the Māori economy.
75. Consultation should also be consistent with the principles of the Te Tiriti o Waitangi, particularly the principles of good faith and partnership. The consultation period will therefore include several hui with iwi/hapū/Māori, who we will continue to engage with as work on the Zero Carbon Bill progresses.

## **Legislative implications**

76. There are no specific legislative implications associated with this paper, as policy decisions on the scope and content of the Zero Carbon Bill are intended to be made in August 2018, following public consultation.
77. After final policy decisions have been made, I propose that the Parliamentary Counsel Office start drafting the Bill with a view to introducing the Zero Carbon Bill to Parliament by 31 October 2018 and passing the Zero Carbon Act by mid-2019.
78. I note that the Zero Carbon Bill may require consequential amendments to be made to the Climate Change Response Act 2002.

## **Regulatory impact analysis**

79. The Regulatory Quality Team at the Treasury has determined that the regulatory decisions sought in this paper are exempt from the requirement to provide a separate Regulatory Impact Assessment, as the relevant issues have been addressed in the discussion document. The Ministry for the Environment's Regulatory Impact Analysis Panel has reviewed the attached discussion document containing the regulatory impact analysis prepared by the Ministry for the Environment. The Panel considers that the document partially meets the quality assessment criteria.
80. The document is written clearly and the case for change has been clearly outlined, including the international and domestic context and the problem definition. The proposals in the document provide an adaptive approach, including the potential for review, based on how New Zealand and also other countries are progressing on their low emissions transitions.
81. Due to information and data constraints, the economic modelling has provided indicative aggregate estimates (within a very broad range) of the cost of reducing emissions and the potential impact on economic growth. The modelling does not take account of wider co-benefits of policies to drive lower emissions and cost savings through avoiding damage from climate change. However, the proposals

include mechanisms to collect better information over time to assist decision-makers.

82. The document is light on the potential impact on industry and sectors, although the consultation should elicit some further information on this. The post-consultation regulatory impact analysis will also need to include greater consideration of the impacts and costs of the proposals, and how to best mitigate those, including for households. That analysis will also need more detail about how the proposals would be implemented and implementation risks addressed.
83. The post-consultation regulatory impact analysis will need to contain clearer and more detailed description of the institutional arrangements proposed, and how this impacts on the roles of Ministers and existing agencies, including decision-making and the provision of advice.

### Gender implications

84. Climate change disproportionately affects women, particularly in their traditional role as primary caregivers, and exacerbates existing gender inequalities.<sup>4</sup> Women play a critical role in the response to climate change and serve as agents of mitigation and adaptation in promoting sustainable development.
85. Women will directly benefit from ambitious climate change action, through both mitigation and adaptation activities. Tangible action on climate change is expected to have positive impacts for women both in New Zealand and across the world.

### Publicity

86. Given the importance of climate change and the need for a national conversation around the transition to a low-emissions, climate-resilient economy, it is important that there is significant publicity around the release of the discussion document.
87. The six-week consultation period will be widely advertised and kick-started by a launch event in Auckland. Consultation will utilise a variety of engagement tools, traditional and non-traditional, designed to reach as many people as possible.

### Recommendations

The Minister for Climate Change recommends that the Cabinet Committee:

1. **note** that the Zero Carbon Bill discussion document will include a range of options for public consultation, including:
  - 1.1 a new greenhouse gas emissions reduction target for 2050
  - 1.2 a system of emissions budgets to provide stepping stones to reach the 2050 target
  - 1.3 an independent Climate Change Commission and
  - 1.4 a range of adaptation measures
2. **note** that Cabinet has committed to ensuring a just and effective transition, including a transparent and participative approach to climate change policy, which

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<sup>4</sup> Internationally, there is a lot of literature on how women fare poorly in natural disasters, features of which are similar to climate change. For example, women are 14 times more likely to die during a natural disaster than men.

will require wide engagement and consultation with communities, business and iwi/hapū/Māori on the content of the Zero Carbon Bill

3. **note** the dual approach to public consultation will include engaging on the technical detail of the Zero Carbon Bill proposals and facilitating a national conversation around climate change
4. **approve** the draft discussion document provided in Appendix 1, *The Zero Carbon Bill: Our Climate, Your Say*, for public consultation
5. **authorise** the Minister for Climate Change to make minor or technical changes to the draft discussion document
6. **delegate** authority to finalise the drafting of the discussion document to the Ministers for Climate Change, Finance, Environment, Forestry, Energy and Resources, and Agriculture, the Associate Minister for the Environment (Hon Eugenie Sage), and the Associate Minister for Transport (Hon Julie Anne Genter)
7. **agree** that the Ministry for the Environment will release the finalised discussion document on 7 June 2018
8. **agree** to the six-week period for public consultation from 7 June to 19 July 2018
9. **invite** the Minister for Climate Change to report back to Cabinet, following public consultation, to seek final policy decisions in August 2018, with a view to introducing the Zero Carbon Bill to Parliament by 31 October 2018
10. **agree** that the Minister for Climate Change proactively releases this paper on the Ministry for the Environment's website, subject to appropriate withholdings under the Official Information Act 1982

Authorised for lodgement.

Hon James Shaw

**Minister for Climate Change**

**Appendix 1. Draft discussion document: *The Zero Carbon Bill: Our Climate, Your Say***

Released under the  
Official Information Act

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. Other options for when to revise our 2030 target include doing so:
- 36.0. at the same time as putting the Paris Agreement into New Zealand domestic law (before our first NDC applies in 2021). § 9(2)(d), § 9(2)(j)  
[REDACTED]
  - 36.1. around the time of the Global Stocktake in 2023. This Stocktake will assess countries' progress towards the ultimate aims and long-term goals of Paris Agreement. § 9(2)(d), § 9(2)(j)  
[REDACTED]