Ministry for the Environment
Manatū Mō Te Taiao

PO Box 10362, Wellington 6143
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2020-D-02022

s9(2)(a)

s9(2)(a)

Thank you for your email of 30 October 2020 to the Ministry for the Environment (the Ministry) requesting the following under the Official Information Act 1982 (the Act):

> *With respect, can MfE please provide estimates/briefings/work related to NZ's Paris Agreement targets sent to the Minister in the last 12 months. This information should include, but not be limited to, any assessment/advice/estimated cost of using international carbon markets for abatement.*
>
> *Over the same 12 month period, please provide reports (to MfE management and/or the Minister) produced by MfE's international carbon markets project regarding the potential cost of carbon units for climate change abatement, including for use in meeting domestic targets.*

The Ministry has identified 26 documents in scope of your request, as listed in the attached document schedule. Some information is withheld under the following sections of the Act:

6(a)	as the making available that information would be likely to prejudice the security or defence of New Zealand or the international relations of the Government of New Zealand.
6(b)	as the making available of that information would be likely to prejudice the entrusting of information to the Government of New Zealand on a basis of confidence by the Government of any other country or any agency of such a Government.
9(2)(g)(i)	to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any department or organisation in the course of their duty.
9(2)(h)	to maintain legal professional privilege.
9(2)(h)(b)	to protect information where the making available of the information would disclose a trade secret; or would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.
9(2)(j)	as to enable a Minister of the Crown or any public service agency or organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

In terms of section 9(1) of the Act, I am satisfied that, in the circumstances, the withholding of this information is not outweighed by other considerations that render it desirable to make the information available in the public interest.

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Please note out of scope material has also been removed.

The briefing note 'Scientific analysis of compatibility of the NDC with 1.5 degrees' (20-B-06407) has been refused under Section 18(d) of the Act, as it is publicly available and can be found here: http://www.mfe.govt.nz/more/briefings-cabinet-papers-and-related-material-search/briefing-notes/scientific-analysis-of.

New Zealand's April 2020 submission under the Paris Agreement regarding New Zealand's Nationally Determined Contribution also has been refused as it is publicly available on the United Nations Framework Convention on Climate Change (UNFCCC) website. It can be found here: https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/New%20Zealand%20First/NEW%20ZEALAND%20NDC%20update%2022%2004%202020.pdf.

For clarity, the submission New Zealand made in April 2020 to the United Nations Framework Convention on Climate Change was not an 'update' of the nationally determined contribution (NDC), but instead a communication of the process the Climate Change Commission will undertake to provide advice on the NDC as an input to the Government's decision on communicating or updating the NDC to the UNFCCC. As such, many documents in this response refer to 'update of the NDC'.

Please also note some information is now out of date due to the time that has passed.

You have the right to seek an investigation and review by the Office of the Ombudsman of my decision to withhold information relating to this request, in accordance with section 28(3) of the Act. The relevant details can be found on its website at: www.ombudsman.parliament.nz.

Please note that due to the public interest in our work the Ministry for the Environment publishes responses to requests for official information on our OIA responses page shortly after the response has been sent. If you have any queries about this, please feel free to contact our Ministerial Services team: ministerials@mfe.govt.nz.

Yours sincerely,

Matthew Cowie
Acting Director, Climate Change Adaptation

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Document schedule

Document no.	Document date	Content	Decisions	OIA sections applied
1	14 November 2019	Briefing note: 2019-B-06169 Process for NDC Decisions	Released in part	S9(2)(h)
2	12 December 2019	Briefing note 2019-B-06295: Updating New Zealand's Nationally Determined Contribution under the Paris Agreement	Released in part	S6(a) S9(2)(h) S9(2)(j)
3	16 January 2020	Briefing note 2020-B-06365: Draft Cabinet paper – updating New Zealand's Nationally Determined Contribution under the Paris Agreement	Released in part	S6(b) S9(2)(g)(i) S9(2)(h) S9(2)(h)(b) S9(2)(j)
4	31 January 2020	Briefing note: 2020-B-06423 Updated draft Cabinet paper and narrative on updating New Zealand's Nationally Determined Contribution under the Paris Agreement	Released in part	S9(2)(g)(i) S9(2)(h)
5	31 January 2020	Draft Cabinet paper: Updating New Zealand's Nationally Determined Contribution under the Paris Agreement	Released in part	S6(a) S6(b) S9(2)(g)(i) S9(2)(h) S9(2)(j)
6	13 February 2020	Briefing note: 2020-B-06453 Cabinet Paper and update of New Zealand's nationally determined contribution under the Paris Agreement	Released in part	S6(a) S9(2)(g)(i) S9(2)(h)
7	13 February 2020	Cabinet paper: Updating New Zealand's Nationally Determined Contribution under the Paris Agreement	Released in part	S6(a) S6(b) S9(2)(g)(i) S9(2)(h) S9(2)(j)
8	19 February 2020	Briefing note: 2020-B-06478 (with appendices Cabinet paper and draft NDC submission (ICTU))	Released in part	S6(a) S6(b) S9(2)(g)(i) S9(2)(h)
9	20 February 2020	Briefing note: 2020-B-06477 Communications and engagement approach for the	Released in full	n/a

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		announcement of New Zealand's 2021-2030 NDC update		
10	27 February 2020	Briefing note: 2020-B-06507 Changes to Cabinet paper on updating New Zealand's nationally determined contribution under the Paris Agreement following ministerial consultation	Released in part	S6(a) S9(2)(h)
11	27 February 2020	Cabinet paper: accompanying 2020-B-06507 'Changes to Cabinet paper on updating New Zealand's nationally determined contribution under the Paris Agreement following ministerial consultation'	Released in part	S6(a) S6(b) S9(2)(g)(i) S9(2)(h)
12	27 February 2020	Briefing note: 2020-B-06508 Draft terms of reference for the Climate Change Commission's provision of advice relating to the 2050 target for biogenic methane and New Zealand's first Nationally Determined Contribution (NDC)	Released in full	n/a
13	4 March 2020	Cabinet paper: 2020-C-06296 Updating New Zealand's Nationally Determined Contribution under the Paris Agreement	Released in part	S6(a) S6(b) S9(2)(g)(i) S9(2)(h)
14	5 March 2020	Briefing note: 2020-B-06521 Briefing on talking points for ENV on the Cabinet paper 'Updating New Zealand's Nationally Determined Contribution under the Paris Agreement'	Released in full	n/a
15	11 March 2020	Appendix E: Climate Change Chief Executives paper: Overview of international carbon markets project	Released in part	S9(2)(j)
16	11 March 2020	Talking points	Released in part	S6(b)
17	12 March 2020	Talking points	Released in part	S6(b) S9(2)(g)(i)
18	13 March 2020	Briefing note: 2020-B-06570 Changes to the Cabinet paper updating New Zealand's Nationally Determined Contribution under the Paris Agreement	Released in part	S6(a) S6(b) S9(2)(g)(i) S9(2)(h)
19	2 April 2020	Talking points for Cabinet discussion on NDC paper 6 April 2020	Released in full	Out of scope
20	15 April 2020	Communications plan for the NDC update announcement	Released in full	n/a

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21	16 September 2020	Talking points for Minister on Oxfam report	Released in full	n/a
22	N/A	Talking points to Minister for Climate Change for Cabinet	Released in part	S6(a) S6(b) S9(2)(g)(i) S9(2)(h)
23	N/A	Cabinet paper: 2019-C-06269 Updating New Zealand's Nationally Determined Contributions under the Paris Agreement	Released in part	S6(a) S6(b) S9(2)(g)(i) S9(2)(h)
24	N/A	Cabinet paper: Process to update New Zealand's Nationally Determined Contribution under the Paris Agreement	Released in part	S6(a) S6(b) S9(2)(g)(i) S9(2)(h)
25	5 February 2020	Briefing note: 2020-B-06407 Scientific analysis of compatibility of the NDC with 1.5 degrees	Proactively released on the Ministry's website	Refused under Section 18(d) of the Act
26	22 April 2020	Submission under the Paris Agreement – Communication and update of New Zealand's Nationally Determined Contribution submission	Released on the UNFCC website	Refused under Section 18(d) of the Act

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Document 1

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

2019-B-06169 Process for NDC decisions

Date Submitted:	14 November 2019	Tracking #: 2019-B-06169	
Security Level	RESTRICTED	MfE Priority:	Non-Urgent

	Action sought:	Response by:
To Hon James Shaw, Minister for Climate Change	Read before officials' meeting on Monday 18 November	Wednesday 20 November

Actions for Minister's Office Staff	**Return** the signed report to MfE.
Number of appendices and attachments 0	Titles of appendices and attachments (ie separate attached documents): Nil
Note any feedback on the quality of the report	

Ministry for the Environment contacts

Position	Name	Cell phone	1st contact
Principal Author	Samantha Hill		
Responsible Manager	Stephen Walter	021 976 381	✓
Director	Roger Lincoln		

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2019-B-06169 Process for NDC decisions

1. The purpose of this briefing is to seek your agreement to a process for deciding how to respond to the request to communicate or update, by 2020, our first nationally determined contribution (NDC) to the Paris Agreement. This process will include an initial reassessment by officials of New Zealand's NDC.
2. New Zealand's NDC (submitted in 2016) includes a target to reduce emissions to 30% below 2005 levels by 2030, across the period 2021-2030 [briefing 2019-B-06114 refers].
3. The decision adopting the Paris Agreement includes a request to each Party to review or update its intended contribution by 2020 (paragraph 24, decision 1/CP.21). As Minister for Climate Change, you will need to consider how New Zealand responds to this request. We consider a decision of this nature, which concerns the portfolio interests of a number of Ministers and is likely to be a matter of some public interest, should be the subject of a Cabinet discussion.
4. In considering how to respond to the request, there will be a number of domestic and international considerations to take into account. These will include, inter alia: the level of ambition of the current NDC (taking into account any relevant factors that have changed since 2016); the target's consistency with a 1.5 degree temperature goal; recent IPCC reports and how other countries are planning to respond.
5. S9(2)(h)
6. S9(2)(h)

Process for approving a communication

7. The extent of Cabinet involvement required, as well as the extent of any consultation with the public, will depend on the significance of the proposal you take to Cabinet.
8. A Cabinet decision to change the target would likely also require approval to consult. Any subsequent decision regarding the target could either be a matter for further Cabinet discussion, or you could seek delegated authority from Cabinet to you or to relevant portfolio Ministers to finalise the decision and communicate the revised NDC to the UNFCCC.
9. A Cabinet decision other than revising the target (for example, by enhancing the NDC with respect to clarifying information or developments in New Zealand's domestic framework) may not require public consultation in accordance the Cabinet Manual. There may be some benefit, however, in pursuing targeted engagement. MFAT advises that targeted stakeholder engagement was conducted as part of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership process.
10. In considering when to take papers to Cabinet, the following matters are relevant:
    - when the communication to the UNFCCC should be made. MFAT's assessment of the request in the Paris Agreement is that the decision to communicate or update the NDC should be made before February or March of 2020
    - the extent of consultation required before a final decision is taken. This should be proportionate to the likely interest in and impacts of the proposal
    - the times when Cabinet is meeting, and the sequencing with other relevant decisions that are to be taken by Cabinet in the coming months.
11. If you agree, MfE and MFAT will work with officials from MPI, MBIE and the Treasury to first

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conduct an initial reassessment of New Zealand's NDC (identifying and addressing all relevant domestic and international considerations) and will provide you with a draft Cabinet paper with options for next steps by 16 January 2020. This would allow time to prepare the paper for consideration by the Cabinet Environment, Energy and Climate Committee (ENV) on 21 February.

Recommendations

12. We recommend that you:

a. **Direct** officials to conduct an initial reassessment of New Zealand's NDC that includes analysis of relevant domestic and international considerations, including but not limited to:

   i. the level of ambition of the NDC

   ii. the consistency of the target with a 1.5 °C temperature goal.

Yes/No

b. **Agree** that MfE and MFAT, with input from MPI and Treasury, will provide you with a draft Cabinet paper on options for next steps by 16 January 2020.

Yes/No

c. **Note** that the sequencing of this advice to Cabinet will need to consider the timing of other relevant decisions Cabinet is making with regard to climate change issues, and that officials will provide advice on this timing.

d. **Agree** that this briefing will **not** be released proactively on the Ministry for the Environment's website.

Yes/No

Signature

Roger Lincoln
Director
Climate Change

Hon James Shaw
Minister for Climate Change

17/11/19

Date

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Document 2

Ministry for the Environment

Making Aotearoa New Zealand the most liveable place in the world

Updating New Zealand's nationally determined contribution under the Paris Agreement

Date Submitted:	12/12/2019	Tracking #: 2019-B-06295	
Security Level	Restricted	MfE Priority:	Urgent

	Action sought:	Response by:
To Hon James Shaw, Minister for Climate Change	Respond to the recommendations	Discuss with officials

Actions for Minister's Office Staff	**Return** the signed report to MfE.
Number of appendices and attachments	Titles of appendices and attachments (ie separate attached documents): Nil
Note any feedback on the quality of the report	

Ministry for the Environment contacts

Position	Name	Cell phone	1st contact
Principal Author	Cassidy McLean-House		
Responsible Manager	Sarah Deblock	022 012 4772	
Director	Roger Lincoln	027 290 7625	✓

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Updating New Zealand's nationally determined contribution under the Paris Agreement

Key Messages

1. New Zealand is invited to update its nationally determined contribution under the Paris Agreement (our NDC) by March 2020.
2. The Climate Change Commission can review New Zealand's climate change targets, which if requested by the Minister for Climate Change, can include the NDC. You have informed officials that you intend to ask the Commission to assess the NDC, after it advises on emissions budgets in February 2021. In light of this, you have directed officials to provide a narrative to form the basis of New Zealand's 2020 NDC update.
3. This briefing seeks your approval of the proposed narrative for New Zealand's 2020 NDC update. It also outlines the next steps required to submit the NDC to the United Nations Framework Convention on Climate Change (UNFCCC) Secretariat by March 2020.
4. The overall objective of the update is to affirm New Zealand's full commitment to the Paris Agreement, and responsiveness to the UFCCC process, including the IPCC reports, Talanoa Dialogue and finalisation of the "Paris Rulebook."

Proposed approach to updating New Zealand's NDC in 2020

5. We propose that New Zealand's 2020 NDC update is based on a narrative that outlines the following:
    a. New Zealand's national circumstances (e.g. our emissions profile), including demonstrating that our NDC represents the highest possible ambition in light of our national circumstances
    b. domestic progress on climate change (e.g. the Climate Change Response Act, as amended by the Zero Carbon Bill, including the 2050 target)
    c. Tokelau's climate contribution as New Zealand's application of the Paris Agreement extended to Tokelau in 2017.
6. The proposed narrative is outlined in paragraphs 36-37. We plan to structure the 2020 NDC update around the information elements contained in decision 4/CMA.1 (Katowice, December 2018) on clarity, transparency and understanding. While decision 4/CMA.1 does not apply to NDC updates specifically, the information fields are relevant and as such, a number of countries are looking at using them.
7. The decision text invited Parties to include a range of information in NDCs. Doing so aligns well with the theme of our proposed narrative. In addition, technical information relevant to New Zealand's NDC would usefully support better understanding of our effort.

Risks and mitigations

8. There is an increasing drive for enhanced global action to limit warming to 1.5°C. New Zealand has played an active role in advocating for global action to address "the ambition gap". Updating our NDC with a robust and compelling narrative on our domestic climate action will help ensure we are able to continue to push for global climate action.

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9. Our current NDC is often misunderstood by environmental NGOs (E-NGOs) and other commentators (e.g. the Climate Action Tracker). This is due, in part, to simplistic comparisons of countries' headline numbers without considering the technical attributes of NDCs (e.g. point year vs budget), or the relevant national circumstances (e.g. New Zealand's challenging and unique emissions profile). We anticipate that New Zealand will face criticism for not increasing the headline number.

10. There is a risk of misalignment between New Zealand and other countries, and that some countries will take a negative view of New Zealand's decision not to reassess our level of ambition. This could have adverse effect on New Zealand's wider interests, in particular, advocacy for greater climate ambition within the UNFCCC. Conversely, there are likely to be risks from increasing our NDC's level of ambition in terms of stakeholders who perceive that climate action may be increasing too quickly, which may have negative implications for them.

11. Our proposed approach seeks to address these risks by providing a technical update and supporting narrative that demonstrates New Zealand's commitment to climate action, including some statutory developments that will help us track progress towards our climate change targets. This includes our 2050 target and the expert and advisory role of the independent Climate Change Commission. See paragraphs 42-49 for more detailed advice on potential risks.

Next steps

12. Following your feedback on our proposed narrative, we will provide you with a draft Cabinet paper on 16 January 2020 for Cabinet's consideration on 24 February 2020. This advice will include any relevant information on how other countries are planning to communicate their NDCs.

13. The Government of Tokelau has confirmed it would like its climate contribution included in New Zealand's updated NDC. The Ministry of Foreign Affairs and Trade (MFAT) is working with Tokelauan officials on how to do this. We will provide you with further information as part our advice in January, to accompany the draft Cabinet paper.

Recommendations

14. We recommend that you:

a. **Note** that we have prepared the outline of a draft narrative for New Zealand's 2020 NDC update as per your request [2019-B-06169 refers]

b. **Note** that we have not done an initial reassessment of New Zealand's NDC as per your direction [2019-B-06169 refers]

c. **Note** that New Zealand will be expected to communicate its second NDC in 2025, and there is an opportunity for the Climate Change Commission to assess the current NDC ahead of the Global Stocktake in 2023, which could inform our second NDC

d. **Note** that we propose to structure New Zealand's 2020 NDC update by responding to the invitation in decision 4/CMA.1 (Katowice, December 2018) to provide information relevant to clarity, transparency and understanding to updated NDCs in 2020

e. **Note** that MFAT is working with the Government of Tokelau on how to

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appropriately include Tokelau's climate contribution as part of New Zealand's 2020 NDC update

f. **Agree** to respond to the invitation to Parties to the Paris Agreement to update our NDC in 2020

Out of scope

Yes/No

g. **Agree** to the outline of the draft narrative in paragraph 36-37 which provides information on New Zealand's national circumstances (including that our NDC represents the highest possible ambition), domestic climate change action, and technical information relevant to our NDC

Out of scope

Yes/No

h. **Agree** to discuss with officials from the Ministry for the Environment and Ministry of Foreign Affairs and Trade

Yes/No

i. **Agree** that this briefing will **not** be released proactively on the Ministry for the Environment's website

Yes/No

Signature

Roger Lincoln
Director, Climate Change

12/12/19.
Date

Hon James Shaw
Minister for Climate Change

16/12/19
Date

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Updating New Zealand's nationally determined contribution under the Paris Agreement

Supporting material

Purpose

15. In 2016, New Zealand ratified the Paris Agreement and submitted our nationally determined contribution (NDC). The NDC period begins 1 January 2021.

16. The Paris Agreement provides a framework for the global response for climate change. NDCs are the main mechanism for setting and communicating each Party's contribution to achieving the central aim of the Paris Agreement. The UNFCCC decision adopting the Paris Agreement invites each Party to communicate or update its NDC by 2020 (paragraphs 23 and 24, decision 1/CP.21).[1] MFAT has advised that New Zealand should communicate or update its NDC by March 2020.

17. The purpose of this briefing is to advise you on a proposed narrative for New Zealand's 2020 NDC update. It outlines the next steps required in order to submit the updated NDC to the UNFCCC Secretariat by March 2020.

18. Subject to your agreement, the narrative outlined in this briefing will be reflected in a draft Cabinet paper that you will receive on 16 January 2020, which will seek Cabinet's approval of New Zealand's 2020 NDC update.

Context

Global context

19. Internationally, there is concern that NDCs do not cumulatively represent the necessary ambition. When aggregated, current NDCs do not represent sufficient action to limit warming to 1.5°C.[2] There have been substantial efforts to increase global ambition, and New Zealand actively works to address the "global ambition gap".[3]

20. The 2018 Talanoa Dialogue sought to influence countries' to increase their ambition of resubmitted NDCs. New Zealand acknowledged the significant gap between current global emissions and the 1.5°C scenario, endorsing the Talanoa call to action at COP24. The United Nations Secretary-General's (UNSG) Climate Action Summit 2019 also pushed for increased action and ambition of NDCs. New Zealand played a significant role through co-leading the Nature Based Solutions pillar with China, encouraging countries to "unlock the full potential of nature in climate action."

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[1] Under this decision Parties are invited to "communicate or update" their NDCs at least 9-12 months in advance of the relevant Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (paragraph 24, decision 1/CP.21). The relevant Conference of the Parties is COP26, in late 2020.

[2] This has been illustrated in a number of reports, including the recent UNEP Emissions Gap Report 2019 which found that countries would need to increase their 2030 climate plans more than fivefold to limit global temperature rise to the 1.5C goal of the Paris Agreement.

[3] New Zealand's objective for international climate change negotiations include advocating for " UNFCCC Parties and other entities to align their climate action with the objective of limiting temperature increase to 1.5 degrees Celsius above pre-industrial levels with limited or no overshoot" [CAB-19-MIN-0430].

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21. Calls for increased ambition also featured strongly at COP25, including a push from some developing countries for developed countries to demonstrate greater ambition. The 2023 Global Stocktake[4] will be an important review of the Paris Agreement's long-term goals, including its temperature goal, to encourage updating and enhancing countries' action and will create further scrutiny of NDCs.

22. Updating our NDC with a robust and compelling narrative to illustrate that New Zealand's existing NDC represents the highest possible ambition, will help ensure we are equipped to continue to push for global climate action to limit warming to 1.5°C.

New Zealand's NDC

23. New Zealand's NDC target is to reduce emissions to 30% below 2005 levels across the period 2021-2030. This is an absolute reduction target managed using a carbon budget approach.

24. In 2015, the government went through a comprehensive process to formulate the NDC. This included stakeholder and Māori consultation, economic modelling of the impact of the NDC on our economy and households. This process considered what would represent maximum possible ambition for New Zealand's contribution, taking into account factors like the overall economic cost, CO^2 emissions per capita, and GHG emissions per capita. Our national circumstances have not significantly changed since 2015, and the narrative will aim to demonstrate that our current NDC still represents the highest possible ambition for New Zealand.

Out of scope

25. Our NDC equates to a budget of approximately 600 Mt over the period 2021-2030. New Zealand's total emissions are projected to be approximately 783 Mt. This is higher than the NDC target level from the beginning of the NDC period in 2021.

26. New Zealand's NDC states that it is intended to be met through a combination of afforestation, domestic emission reductions and access to international carbon markets with environmental integrity. Officials' view is that we will still need a mix of all three to meet our NDC, although the government has yet to decide on the appropriate contribution of each. If we are "off-track" to achieving our NDC, this would become apparent to others through the biennial reporting process, which would likely generate pressure to take stronger climate action.

27. Reducing New Zealand's gross emissions to the NDC level will not happen quickly without significant structural change to the economy [2019-B-05822 refers]. New Zealand's emissions to 2025 are unlikely to be significantly different from current projections even with strong policies. This is because there will be little time for physical changes to be made in the economy. However we can expect greater levels of change in the period 2026 – 2030 depending on the strength of climate change policies implemented now.

28. S9(2)(j)

[4] Article 14 of the Paris Agreement requires the CMA to periodically take stock of the implementation of the Paris Agreement and to assess collective progress towards achieving the purpose of the Agreement and its long-term goals. This process is called the Global Stocktake.

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Analysis and advice

Proposed approach to New Zealand's 2020 NDC update

29. On current information, our assessment is that New Zealand's NDC is already highly ambitious. The Climate Change Response Act 2002, as amended by the Zero Carbon Bill, has created an effective mechanism for independently reviewing this assessment, as the Minister for Climate Change can seek advice on the NDC.

30. You have indicated that after advising on emissions budgets in 2021, the Commission (if directed by the Minister for Climate Change) will give advice on the NDC. We note that the NDC period would have already commenced when the Commission gives their advice and that New Zealand will need to submit its second NDC in 2025. As such, New Zealand's second NDC could also be informed by the Commission's review.

31. You have noted that it would be premature to consider changes to the "headline target" prior to receiving the Commission's advice. We propose to update New Zealand's NDC with increased information to support our current target. This will help affirm that New Zealand is committed to ambitious, global action on climate change. We consider that providing this additional information will be useful in developing the understanding of New Zealand's NDC and the changes to our domestic context since 2016.

The ambition of New Zealand's NDC

32. At the time of the NDC submission, officials considered New Zealand's NDC ambitious comparative to its international counterparts. It was also seen as challenging to achieve due to New Zealand's emissions profile and national circumstances. This remains officials' view.

33. Assessing the ambition of NDCs is more complex than simply comparing headline numbers. Some Parties such as the European Union (EU), are on track to overachieve their target. However, New Zealand cannot steeply decrease domestic emissions by following the approach taken by EU nations,[5] for example, the United Kingdom phasing out coal. Our NDC is particularly challenging as almost 50% of New Zealand's emissions are from agriculture and almost 85% of our electricity is already from renewable sources.

34. We note that there is an increasing push internationally for NDCs to be demonstrated to be consistent with the 1.5°C temperature goal. There are a number of ways to test consistency with the 1.5°C goal which give slightly different results. We note that you have agreed this detailed analysis to assess whether New Zealand's NDC is consistent with 1.5°C is out of scope of this briefing and subsequent Cabinet paper [2019-B-06169 refers]. However, this is something that the Commission could assess as part of its advice.

Out of scope

Invitation from COP24 to provide more information on first NDCs

35. At COP 24 in Katowice, Parties agreed to decision 4/CMA.1 on information to facilitate clarity, transparency and understanding, which provides specific and detailed guidance on the information to be provided in NDCs. This decision strongly encourages Parties to

[5] The EU is likely to overachieve the target by 0-15% and is reportedly considering enhancing the ambition of its NDC.

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provide this information in relation to their first NDCs (including those communicated or updated by 2020) and makes this a requirement for second NDCs and onward).[6]

36. We therefore propose to use the invitation in Katowice Decision 4/CMA.1 to help shape our NDC update. This approach would constitute a technical update to our NDC, while also providing us scope to detail our domestic developments and international contributions that are material to our NDC, including our proposed narrative.

Proposed narrative for the NDC in 2020

37. We propose to update New Zealand's NDC with a narrative that affirms that New Zealand is committed to ambitious, global action on climate change. Accompanying this will be technical information, for example, New Zealand's emissions profile. This will help demonstrate that New Zealand's NDC represents our highest ambition.

Out of scope

38. The following types of information will also be included:

    a. relevant information on New Zealand's national circumstances, for example, our greenhouse gas emissions profile
    b. the Climate Change Response (Zero Carbon) Amendment Act, including the 2050 target and soon to be established climate change commission
    c. progressing reforms to the New Zealand Emissions Trading Scheme, including pricing agricultural emissions
    d. upcoming decisions on supply settings within the NZ ETS and a provisional emissions budget (subject to Cabinet approval)
    e. research programmes to reduce greenhouse gas emissions from agriculture
    f. a climate change impact assessment for all relevant government policies
    g. a package of domestic policies, including a feebate scheme for electric vehicles and consultation on a comprehensive renewable energy package, to accelerate uptake and help electrify process heat[7]
    h. changes to transparency and accountability under the Paris Agreement Rulebook, and
    i. information relevant to Tokelau, reflecting that in 2017 New Zealand's application of the Paris Agreement was extended to include Tokelau and Tokelau is now included in New Zealand's greenhouse gas reporting.

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[6] The information necessary for clarity, transparency and understanding in Decision 4/CMA.1 is grouped under the following headings: Quantifiable information on the reference point (including, as appropriate, a base year); Time frames and/or periods for implementation; Scope and Coverage; Planning processes (which includes information about domestic institutions, planning processes, national circumstances, and indigenous and public participation and engagement); Assumptions and methodological approaches, including those for estimating and accounting for anthropogenic greenhouse gas emissions and, as appropriate, removals; How the Party considers that its NDC is fair and ambitious in light of its national circumstances; How the Party is contributing to temperature goals within the UNFCCC and the Paris Agreement.

[7] These additions align with the World Resources Institute and the United Nations Environment Programme's framework of NDC Enhancement.

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Consultation and Collaboration

Ministry of Foreign Affairs and Trade

39. MFAT has been involved in the development of this briefing. In order to maintain New Zealand's standing to influence others to maintain and achieve ambitious NDCs, MFAT emphasises the need for New Zealand's narrative to underscore New Zealand's ongoing commitment to the Paris Agreement, and responsiveness to recent multilateral developments designed to influence NDCs.

40. Through this lens, MFAT considers it important the narrative demonstrates how the NDC represents New Zealand's highest possible ambition, relates New Zealand's target to recent IPCC science, acknowledges completion of the Paris 'rule book' (for example through application of decision 1/CP.24 and any COP25 decisions on Article 6 of the Agreement) and acknowledges the 2018 Talanoa Dialogue and 2019 Climate Summit. MFAT considers it highly desirable the narrative portrays the interplay of New Zealand's short-term and long-term domestic and international targets coherently.

Interagency consultation

41. The Ministry of Business, Innovation and Employment, the Treasury and the Department of Prime Minister and Cabinet have been consulted in the preparation of this advice. The Ministry of Primary Industries was informed.

Risks and mitigations

42. Internationally, there is a need for deep emissions cuts to limit warming to 1.5°C. As a result (and as outlined above), there is increasing pressure internationally for Parties to update NDCs in 2020 with increased ambition, in line with the global effort to limit warming to 1.5°C. For example, the European Parliament recently passed a resolution supporting an update of the EU's NDC with increased ambition.[8]

43. We note that we are not alone in not updating our headline number, as we understand that Switzerland is planning a similar approach to their update. We will have a greater understanding of what other countries' are doing following discussions at COP25.

44. We anticipate that New Zealand will face criticism for not increasing the NDC headline number from international and domestic E-NGOs, particularly without strong evidence that our current NDC is in line with 1.5°C. This is exacerbated by widespread misunderstanding of our current NDC, due to a tendency to compare headline numbers, which on their own do not give a full picture of the level of ambition of a country's efforts, or to misconstrue technical attributes such as point year targets and carbon budget approaches (as a budget approach is more ambitious than a point year target).

45. MFAT advises that there is a risk that some countries may take a negative view of New Zealand's decision not to reassess its target. As a result of this, they may form perceptions or make decisions that adversely impact New Zealand's foreign, international climate change, trade or development policy objectives. S6(a)

S6(a)

[8] European Parliament resolution of 28 November 2019 on the 2019 UN Climate Change Conference in Madrid, Spain (COP 25) (2019/2712(RSP)

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46. Domestically, there would also be risks associated from an increased headline number. This is both in terms of stakeholders who perceive that the rate and pace of climate action is unrealistic and may have negative implications for them, as well as those who would welcome enhanced ambition but would likely be critical of it relying on access to international carbon markets.

47. The proposed narrative outlined above seeks to manage some of these risks, by demonstrating New Zealand's commitment to climate action, our long term neutrality goal and extensive domestic action on climate change. The technical elements should help to correct misunderstandings around the NDC's technical attributes e.g. the implications of our NDC being a budget.

48. As previously advised [2019-B-06169], the proposed approach of submitting a narrative and technical update may not require public consultation according to the Cabinet manual. However, not undertaking consultation or targeted engagement on the updated NDC involves risks given the strong interest of Māori and some stakeholders in New Zealand's climate ambition. We propose to discuss with you your views on targeted engagement ahead of the NDC's submission to the UNFCCC, which could help manage these risks by allowing officials to explain our approach and share the narrative outlined above.

Legal issues

Judicial Review

49. S9(2)(h) [redacted]

50. S9(2)(h) [redacted]

Next Steps

51. Once we have received feedback from you, we will provide you with a draft Cabinet paper on 16 January 2020 for Cabinet's consideration on 24 February 2020. This will include any relevant information from COP25 on how other countries are planning to communicate their NDCs.

52. We are working with Tokelauan officials on how to appropriately include Tokelau in New Zealand's update. It is unlikely that Tokelauan officials would be ready to include their information in the draft Cabinet paper for January. Accordingly, we propose to include a recommendation in the Cabinet paper which delegates authority to the Minister for Climate Change and the Minister of Foreign Affairs to approve the Tokelauan content.

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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

Draft Cabinet paper – updating New Zealand's nationally determined contribution under the Paris Agreement

Date Submitted:	16/01/2020	Tracking #: 2020-B-06365	
Security Level	Restricted	MfE Priority:	High

	Action sought:	Response by:
To: Hon James Shaw, Minister for Climate Change	Discuss with officials on 22 January 2020	

Actions for Minister's Office Staff	**Return** the signed report to MfE.
Number of appendices and attachments	Titles of appendices and attachments (ie separate attached documents): 1. Draft Cabinet paper: Updating New Zealand's nationally determined contribution under the Paris Agreement

Ministry for the Environment contacts

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Responsible Manager	Sarah Deblock	022 012 4772	✓
Acting Director	Matthew Cowie		

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Draft Cabinet paper for feedback – updating New Zealand's nationally determined contribution under the Paris Agreement

Updating New Zealand's nationally determined contribution

1. s 9(2)(g)(i) New Zealand's updated NDC will require Cabinet approval before being submitted to the United Nations Framework on Climate Change (UNFCCC) Secretariat.
2. The purpose of this briefing is provide you with an early draft of the Cabinet paper seeking Cabinet's approval of New Zealand's updated NDC, for your feedback.
3. You have indicated that you want Cabinet to approve New Zealand's should updated NDC with a narrative which provides information on New Zealand's national circumstances, domestic climate change action, and technical information relevant to our NDC [2019-B-06295 refers].
4. S9(2)(h)

Key elements of the Cabinet paper

5. The Cabinet paper contains a draft narrative which, subject to your agreement, will form the basis of the updated NDC. The narrative communicates how New Zealand's changed domestic context through the Zero Carbon Act framework has increased our overall ambition, and contribution towards the 1.5°C goal.
6. The draft narrative includes the following key messages:
   - New Zealand is committed to playing its part and taking action on climate change as part of the global effort through the Paris Agreement and in line with the IPCC Special Report on 1.5°C and the Talanoa Dialogue 'Call to Action'.
   - New Zealand has enhanced its NDC. Our changed domestic context through the Zero Carbon Act framework and targets has increased our overall ambition to be consistent with the 1.5°C goal.
   - Enhancement can be interpreted as including both enhanced mitigation and enhanced communication and transparency.[1] Enhanced mitigation can refer to increasing the headline number of an emissions reduction target in an NDC and/or strengthening NDC implementation through additional policies and actions, and aligning implementation with long-term goals. Enhanced communication and transparency can involve providing additional detail, and information to facilitate clarity, transparency and understanding of NDCs.[2]
   - The 2050 target will drive New Zealand's transition to a low emissions, climate resilient future and support New Zealanders to make decisions that will reduce emissions and promote climate resilience. Our NDC is our international commitment to climate change, and is a waypoint on a long-term journey towards our 2050 target.

[1] World Resources Institute (2019). *Enhancing NDCs: A Guide to Strengthening National Climate Plans by 2020.*

[2] The term "clarity, transparency and understanding" relates to specific UNFCCC guidance in decision 4/CMA

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- New Zealand has a sizeable challenge to reduce emissions in the short term due to our national circumstances (population and economic growth) and emissions profile (agricultural and transport emissions, high levels of electricity from renewable sources).
- Our NDC target is challenging and ambitious. New Zealand's NDC under the Paris Agreement is to reduce emissions to 30 percent below 2005 levels across the period 2021-2030. As our NDC is an emissions budget, we will make emissions reductions through our entire NDC period cumulatively. This is an absolute reduction target managed using a carbon budget approach, which is equivalent to reducing projected emissions by approximately one third.[3]
- Our NDC is a "responsibility target", meaning that the target could be met through a combination of domestic emissions reductions, emission removals from forestry, and access to international carbon markets.
- We have started to put in place the policies we need – with a comprehensive package of domestic policies that cover all the key parts of our emissions profile which are supported by tools, mechanisms and processes to reduce emissions and guide our transition such as the independent Climate Change Commission, Climate Implications of Policy Assessment requirements, and a strengthened NZ ETS.
- We reserve the right to use international carbon markets with environmental integrity as cooperation with other countries can enable us to supplement our domestic efforts with greater global emissions reductions.

7. Parties to the Paris Agreement can update their NDCs at any time, as long as they increase their level of ambition. If increasing their ambition, parties reserve the right to revise NDCs at any time. The recently established Climate Change Commission can review New Zealand's climate change targets, and this could include the NDC if requested by the Minister for Climate Change [2019-B-06295].
8. The narrative will be supported by technical information, for example on New Zealand's emissions profile to support better understanding of the ambition of our NDC.

Risks of judicial review

9. S9(2)(h) [redacted]

Consistency of the NDC with 1.5°C

10. We have included initial analysis on the consistency of the NDC with 1.5°C for your consideration. We note that you have previously agreed that detailed analysis of this is out of scope of this Cabinet paper [2019-B-06179 refers]. However, analysis around the science could form a useful part of the supporting narrative that this update helps enhance our NDC.
11. We seek your agreement to undertaking this detailed analysis, including seeking external peer review, so that the compatibility of the NDC with 1.5°C can be included in the updated NDC narrative and related public messaging.

[3] An absolute reduction target refers to a target that aims to reduce greenhouse gas emissions by a set amount.

[4] This is in line with section 5.12 of the Cabinet manual which states that controversial matters must be submitted to Cabinet for its consideration.

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Next steps

12. We are requesting information from other parties to the Paris Agreement on their proposed approach to updating NDCs and expected timing of submission to the UNFCCC, to help inform New Zealand's approach.
13. Once you have provided feedback on the draft paper, we will provide you with an updated draft of the Cabinet paper and narrative, prior to sending out for ministerial consultation.
14. s 9(2)(h) [redacted] .

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Recommendations

15. We recommend that you:

a. **Provide** feedback on the draft Cabinet paper

Yes/No

b. S9(2)(h)(b) [redacted]

Yes No

c. Note that the analysis included on New Zealand's nationally determined contribution's compatibility with 1.5°C is preliminary only and its conclusions should be considered illustrative only at this stage

d. Agree that officials should undertake more detailed analysis of New Zealand's nationally determined contribution's compatibility with 1.5°C with a view to including this as part of the narrative when updating our NDC

Yes/No

e. Meet with MfE and MFAT officials for further discussion on 22 January 2020

Yes/No

Signature

Matthew Cowie
(Acting) Director, Climate Change

Hon James Shaw
Minister for Climate Change **Date**

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Appendix 1: Draft Cabinet paper for feedback – Updating New Zealand's nationally determined contribution under the Paris Agreement

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Grey highlighted text signifies that material was subject to change, as this is the draft version.

Restricted

Office of the Minister for Climate Change

Chair, Cabinet Environment, Energy and Climate Committee

Updating New Zealand's Nationally Determined Contribution under the Paris Agreement

Proposal

1. In 2016, New Zealand ratified the Paris Agreement and we submitted our Nationally Determined Contribution (NDC) which covers a ten year period from 1 January 2021. Parties to the Paris Agreement are required to communicate or update their NDCs by March 2020.
2. I am seeking Cabinet's approval of New Zealand's 2020 NDC update to the United Nations Framework Convention on Climate Change (UNFCCC) (Appendix 1).
3. I propose to enhance New Zealand's existing NDC with a narrative highlighting our 2050 target and other domestic action, further technical information to improve understanding of the NDC, and information on Tokelau's climate contribution. This does not change the headline number of the emissions reduction target component of New Zealand's NDC, nor is it intended to confer additional obligations on New Zealand.

Executive summary

4. New Zealand's NDC target under the Paris Agreement is to reduce emissions to 30% below 2005 levels across the period 2021-2030. This is an absolute reduction target managed using an emissions budget approach, which is equivalent to reducing projected emissions by approximately one quarter.[1]
5. Cumulatively, existing NDCs do not represent sufficient ambition to limit warming to 1.5°C and there is a clear need for greater global action on climate change. Parties to the Paris Agreement are required to communicate or update their NDCs by March 2020, including New Zealand.
6. This is an international legal obligation. It is also an opportunity for New Zealand to affirm its full commitment to global action to limit warming to 1.5°C, and communicate the ambition of our domestic action on climate change.
7. I propose that New Zealand updates its NDC with information on our changed domestic context, particularly the Climate Change Response (Zero Carbon) Amendment Act (Zero Carbon Act) 2050 target, which means that New Zealand's NDC is compatible with limiting warming to 1.5°C. In addition to a narrative highlighting domestic action, I propose to enhance the NDC with technical information to improve understanding of its ambition. I seek Cabinet's agreement to submit the 2020 NDC update (Appendix 1) to the UNFCCC.
8. In 2017 New Zealand's application of the Paris Agreement was extended to include Tokelau. Tokelau is now also included in New Zealand's greenhouse gas reporting. Officials are working with Tokelau on how to appropriately include Tokelau's climate contribution as part of New Zealand's 2020 NDC update. I seek Cabinet's agreement for

[1] This is a "responsibility target", meaning that the target could be met through a combination of domestic emissions reductions, domestic sinks, and purchases of international units.

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delegated authority to the Minister for Climate Change and the Minister of Foreign Affairs to approve the Tokelauan content, once it is available.

9. There is a risk that New Zealand's 2020 NDC update could be received negatively by some countries and commentators, as it does not raise the headline level of our emissions reduction target for 2030 at this time. This is a risk shared by some other developed countries which plan a similar approach to their updated NDCs, notably Switzerland. Our 2020 NDC update seeks to mitigate this risk by illustrating how New Zealand's enhanced domestic action represents increased ambition, and by improving understanding of the nature and scale of our NDC.

10. All Parties to the Paris Agreement are able to review and resubmit their NDCs at any stage, although NDCs are required to be progressive (i.e. represent an increase in ambition over time). I anticipate that the advice of the Climate Change Commission will be relevant to the NDC, and that it may be appropriate to reconsider the headline number of our NDC target once we have received the Commission's advice.

Background

New Zealand is committed to ambitious climate action and the Paris Agreement

11. The Paris Agreement was designed to ensure that all countries, no matter how big or small, contribute to keeping average global temperature increase to well below 2°C above pre-industrial levels, and pursuing efforts to limit the temperature increase to 1.5°C.

12. NDCs represent each country's contribution to these global temperature goals. NDCs are required to show a country's highest level of ambition to reduce global emissions, a progression on previous efforts, and to be more ambitious over time.

13. New Zealand's NDC represents our international contribution to mitigating climate change. It should be understood as a waypoint on a long-term journey towards the 2050 target we set under the Zero Carbon Act, which is a 1.5°C consistent target. It also sets us on a path towards the Paris Agreement's Article 4(1) objective for Parties to aim for carbon neutrality – balancing emissions and removals – in the second half of the century.

14. New Zealand's NDC is to reduce emissions to 30% below 2005 levels across the period 2021-2030. This is an absolute reduction target managed using an emissions budget approach. This budget equates to reducing approximately a quarter of our projected total emissions for 2030.

15. Our NDC is a "responsibility target", meaning that the target could be met through a combination of domestic emissions reductions, emissions removals (e.g. from forestry), and access to international carbon markets. I note that we do not need to make decisions on how we will meet our NDC at this stage.

16. Appendix 2 contains further detail on New Zealand's NDC, including its level of ambition.

Enhancing NDCs in 2020

17. As outlined above, parties to the Paris Agreement are required to communicate or update their NDCs in 2020. There is increasing momentum for these updates to "enhance" the ambition of NDCs. This reflects a central tenant of the Paris Agreement, which is that NDCs are required to be progressive (increase in ambition over time).

18. Enhancement can be interpreted as including both enhanced mitigation and enhanced communication and transparency.[2] Enhanced mitigation can refer to increasing the headline number of an emissions reduction target in an NDC and/or strengthening NDC implementation through additional policies and actions, and aligning implementation with

[2] World Resources Institute (2019). *Enhancing NDCs: A Guide to Strengthening National Climate Plans by 2020.*

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long-term goals. Enhanced communication and transparency can involve providing additional detail, and information to facilitate clarity, transparency and understanding of NDCs.[3]

The need for increased global ambition

19. There is increasing drive for enhanced global climate action as current NDCs do not cumulatively represent sufficient action to limit warming to 1.5°C.[4] There is mounting evidence that urgent action is needed to significantly reduce global emissions before 2030 in order to meet the 1.5°C goal.[5]

20. There have been substantial efforts to increase global ambition, and New Zealand actively works to address the "global ambition gap". This is in line with Cabinet's agreed objective for New Zealand to advocate for UNFCCC Parties and other entities, to align their climate action with holding temperature increase to 1.5°C with limited or no overshoot [CAB-19-MIN-0430].

21. The 2018 Talanoa Dialogue sought to influence countries to increase their ambition when updating their NDCs. New Zealand acknowledged the significant gap between current global emissions and the 1.5°C scenario, endorsing the Talanoa Call to Action at COP24. The United Nations Secretary-General's (UNSG) Climate Action Summit 2019 also pushed for increased action and ambition of NDCs. New Zealand played a significant role through co-leading the Nature Based Solutions pillar with China, encouraging countries to "unlock the full potential of nature in climate action."

22. Calls for increased ambition also featured strongly last year at COP25 in Madrid, including in its outcome the *Chile Madrid Time for Action* (Decision 1/CP.25). New Zealand supported this decision which expresses serious concerns about the global ambition gap, and the urgent need for enhanced global mitigation efforts.

23. Global ambition and Parties' updated NDCs are also likely to be in the spotlight at COP26 in Glasgow in November 2020. The United Kingdom (UK) has indicated that it will seek New Zealand's support for the Pacific in updating their NDCs. The European Union (EU) has announced it will increase the ambition of its NDC,[6] S6(b) [redacted].

24. In addition to championing the Carbon Neutrality Coalition, advocating for fossil fuel subsidy reform, supporting the Pacific, and promoting the Agreement on Climate Change, Trade and Sustainability (ACCTS), we need to meet our Paris obligations to continue playing this leadership role. Enhancing our NDC with a robust and compelling narrative and increased technical information will help ensure we are able to continue to push for global climate action to limit warming to 1.5°C.

[3] The term "clarity, transparency and understanding" relates to specific UNFCCC guidance in decision 4/CMA.1.

[4] This has been illustrated in a number of reports, including the recent UNEP Emissions Gap Report 2019 which found that countries would need to increase their 2030 climate plans more than fivefold to limit global temperature rise to the 1.5C goal of the Paris Agreement.

[5] The IPCC Special Report on 1.5°C found that limiting global warming to 1.5°C would require reducing global net human-caused emissions of carbon dioxide to fall by about 45 percent from 2010 levels by 2030, reaching 'net zero' around 2050. This means that any remaining emissions would need to be balanced by removing CO2 from the air.

[6] European Commission President Ursula von der Leyen announced in late 2019 plans for the EU to increase the target from its current 40 percent reduction to a 55 percent reduction.

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Analysis

Approach to updating New Zealand's NDC in 2020

25. New Zealand's NDC is short and succinct. Its structure has been modelled on how Parties to the Kyoto Protocol communicated their commitments. However, our existing NDC is not well understood. International commentators frequently report erroneously on the nature and ambition of our NDC, which is often then reported in domestic media coverage.[7]

26. Some Parties to the Paris Agreement have used, or plan to use, their NDCs to describe their approach to climate action, beyond an emissions reduction target. I propose that New Zealand similarly should enhance its NDC by providing increased information on our climate action, and its contribution towards limiting global temperature rise to 1.5°C.

27. The proposed update of the NDC was guided by the following principles:

    - The NDC should express New Zealand's commitment to limiting global temperature rise to 1.5°C;
    - The NDC should effectively communicate the ambition and nature of New Zealand's contribution to the global effort including through our domestic policies and measures;
    - The NDC should be enduring in nature and reflect the fact that domestic policies and actions may change or evolve over time, for example in response to the independent Climate Change Commission's advice, or due to technological advancements;
    - The NDC should be clearly communicated to ensure understanding of the technical elements of the NDC, for example the implications of taking an absolute emissions budget approach;
    - The NDC should not prejudge how New Zealand will meet its NDC, but should continue to keep the option of using international carbon markets open for future governments, as a way to supplement domestic action.

Proposed NDC update

28. I am seeking Cabinet's agreement to the update of New Zealand's NDC contained in Appendix 1. This update reflects the principles outlined above. It highlights some of New Zealand's domestic developments and international contributions that illustrate the enhanced ambition of our NDC, and includes technical information to improve understanding of our NDC.

29. The key messages that I propose to communicate in the 2020 NDC update are summarised below:

    - New Zealand is committed to playing its part and taking action on climate change as part of the global effort through the Paris Agreement and in line with the IPCC Special Report on 1.5°C and the Talanoa Dialogue Call to Action.
    - New Zealand has enhanced its NDC. Our changed domestic context through the Zero Carbon Act framework, which includes the 2050 target, has increased our overall ambition to be consistent with the 1.5°C goal.
    - The 2050 target will drive New Zealand's transition to a low emissions, climate resilient future and support New Zealanders to make decisions that will reduce emissions and promote climate resilience. Our NDC is our international

[7] For example, Carbon Action Tracker's report on New Zealand mischaracterises New Zealand's NDC, and this report is often referenced in domestic media coverage.

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contribution to climate change, and is a waypoint on a long-term journey towards our 2050 target.

- New Zealand has a sizeable challenge to reduce emissions in the short term due to our national circumstances (population and economic growth) and emissions profile (agricultural and transport emissions, high levels of electricity generation from renewable sources).
- Our NDC target is challenging and ambitious. New Zealand's NDC under the Paris Agreement is to reduce emissions to 30% below 2005 levels across the period 2021-2030. As our NDC is an absolute reduction target managed using an emissions budget approach, we will be responsible for reducing emissions through our entire NDC period cumulatively. This is equivalent to reducing projected emissions by approximately one quarter.
- Our NDC is a "responsibility target", meaning that the target could be met through a combination of domestic emissions reductions, emissions removals, and access to international carbon markets.
- We have put in place the policies we need – with a comprehensive package of domestic policies that cover all parts of our emissions profile and which are supported by legislation and processes to reduce emissions and guide our transition, such as the independent Climate Change Commission, Climate Implications of Policy Assessment requirements and a strengthened NZ ETS.
- We reserve the right to use international carbon markets with environmental integrity, as cooperation with other countries can supplement our domestic efforts with greater global emissions reductions.

30. In addition, the NDC update includes technical information to support understanding of New Zealand's NDC. This is to help demonstrate that New Zealand's NDC is challenging and ambitious. The update includes information on New Zealand's emissions profile (e.g. high proportion of emissions from agriculture), national circumstances (e.g. projected 50% increase in population from 1990 to 2030) and the nature of our NDC (e.g. an explanation of our emissions budget for the period 2021-2030).

31. The additional technical information is provided in line with specific and detailed guidance on what to include in NDCs which was agreed at COP24 in 2018.[8] This guidance (as appropriate) is a requirement for second and subsequent NDCs. By applying it to our first NDC update in a deliberate way New Zealand will be signalling our commitment to the effective implementation of the Paris Agreement, and demonstrating leadership.

Potential risks and timing considerations

32. All Parties to the Paris Agreement are able to review and resubmit their NDC at any stage and NDCs are required to be progressive (i.e. represent an increase in ambition over time). I anticipate that the advice of the Climate Change Commission will be relevant to the NDC, and that it may be appropriate for the headline number of our NDC target to be revisited once we have received the Commission's advice.

33. s 9(2)(h) [redacted] New Zealand is considered a leader on climate change for our ambitious domestic action and support for global ambition, but also in part because of our commitment to meeting our obligations under the Paris Agreement and the UNFCCC.

[8] Through Katowice Decision 4/CMA.1 UNFCCC Parties agreed specific and detailed guidance on the information to be provided in NDCs and strongly encouraged Parties to provide this information in relation to their first NDCs, including those communicated or updated by 2020.

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34. In this light, I plan to submit our 2020 NDC update before end-March this year. There is also a strategic choice in regards to timing, as there are indications that other countries may not be planning to meet this deadline. [Note we are seeking information from MFAT Posts on like-minded countries' plans for updating NDCs].

35. Timing may impact the risk of New Zealand being criticised for not amending the headline number of our target, as countries which are among the first to submit updated NDCs are likely to receive greater scrutiny.

36. I will coordinate with other leading countries on climate change as part of determining the most appropriate timing for submitting New Zealand's NDC.

Including Tokelau in New Zealand's NDC

37. Officials have also consulted the Government of Tokelau, to ensure that Tokelau's climate contribution is appropriately included in New Zealand's 2020 NDC update. This reflects that New Zealand's application of the Paris Agreement was extended to Tokelau in 2017 and that Tokelau is now included in New Zealand's international greenhouse gas reporting.

38. Tokelau has indicated that it wishes to be included in our 2020 NDC update. MFAT is working with Tokelauan officials to ensure Tokelau is appropriately included. However, Tokelau has advised that it requires additional time to prepare its material. Therefore, I propose that Cabinet delegate authority to the Ministers of Climate Change and Foreign Affairs to approve Tokelauan content, once it is available.

Consultation (with other agencies, departments, interest groups etc)

39. This paper was prepared by the Ministry for the Environment, with input from the Ministry of Foreign Affairs and Trade.

40. The Treasury, the Ministry for Primary Industries, Te Puni Kokiri, Te Arawhiti and the Ministry of Business, Innovation and Employment were consulted in its preparation. The Department of the Prime Minister and Cabinet was informed. Where feedback was received it is reflected in this paper.

41. In 2015, the government went through a comprehensive process to formulate the NDC. This included stakeholder and Māori consultation, economic modelling of the impact of the NDC on our economy and households, and the cost of our effort. There was also consideration of factors such as national circumstances, historical responsibility for climate change, carbon dioxide emissions per capita versus all-greenhouse gas emissions per capita, and national GDP.

42. In 2018, the Government released the *Our Climate Your Say: Consultation on the Zero Carbon Bill* which received more than 15,000 submissions on New Zealand's 2050 target and the Zero Carbon Bill. In 2019, the Environment Select Committee had nearly 11,000 written and oral submissions on the Zero Carbon Bill. The Committee heard from parents, students, scientists, farmers, academics, health professionals, activists, iwi, local government and many more.

43. I believe that I have consulted extensively on the framework for delivering New Zealand's climate action out to 2050, which culminated in the Zero Carbon Act's near unanimous adoption late last year. I view the NDC as a component of this wider climate policy framework, and a waypoint on our transition to a low emissions, climate resilient Aotearoa. My proposal is therefore to enhance the NDC with information reflecting the matters covered by the Zero Carbon Bill consultation.

44. I recognise that there are stakeholders with strong interest in New Zealand's climate ambition, including the NDC, and this is also an issue highly relevant to Māori. I have directed officials to undertake targeted engagement ahead of the NDC's submission to

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explain our approach to enhancing our NDC and share the narrative outlined above with key stakeholders and iwi/Māori.

45. S9(2)(h) [redacted]

Financial implications

46. There are no financial implications from the proposals in this paper.

Legislative implications

47. There are no legislative implications from this paper.

Regulatory impact analysis

48. The RIA requirements do not apply as there are no regulatory implications from this paper.

Climate implications of policy assessment

49. CIPA will apply, analysis has yet to be done or quality assured.

Gender implications

50. There are no gender implications arising from this paper.

Disability perspective

51. There are no disability implications arising from this paper.

Treaty of Waitangi

52. To complete following consultation with Te Puni Kokiri

Publicity

53. I plan a media release to highlight New Zealand's submission of the 2020 NDC update to the UNFCCC Secretariat. There is likely to be scrutiny from international and domestic climate change commentators and media on updated NDCs, some of which have erroneously reported on our NDC in the past.

Proactive Release

54. I propose to proactively release this paper on the Ministry for the Environment's website in whole, subject to redactions as appropriate equivalent to those under the Official Information Act 1982, once public announcements have been made.

Recommendations

The Minister for Climate Change recommends that the Committee:

1. **Note** the need for enhanced global action on climate change to limit warming to no more than 1.5°C above pre-industrial levels;

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2. **Note** that New Zealand's NDC is to reduce emissions to 30% below 2005 levels across the period 2021-2030, managed using an emissions budget approach;
3. **Note** that New Zealand is required to provide an updated NDC to the UNFCCC Secretariat by March 2020;
4. **Agree** that New Zealand should update our NDC in 2020 in accordance with this requirement;
5. **Note** that the updated NDC in Appendix 1 enhances New Zealand's NDC with a narrative highlighting our 2050 target and other domestic action, as well as further technical information to enhance clarity, transparency and understanding of our NDC, and that it does not change the headline number of New Zealand's NDC nor is it intended to confer additional obligations on New Zealand.
6. **Agree** to submit New Zealand's 2020 NDC update as contained in Appendix 1 to the United Nations Framework Convention on Climate Change;
7. **Note** that in 2017 New Zealand's application of the Paris Agreement was extended to include Tokelau and that Tokelau has indicated they would like to include their climate contribution as part of New Zealand's 2020 NDC update, but that their contribution requires more time to collate;
8. **Authorise** the Ministers of Climate Change and Foreign Affairs to approve the Tokelauan content once available for inclusion in New Zealand's update;
9. **Request** the Minister for Climate Change to return to Cabinet following receipt of the Climate Change Commission's advice on the NDC.

Authorised for lodgement.

Hon James Shaw

Minister for Climate Change

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Appendix 1: New Zealand's enhanced 2020 NDC

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Appendix 2: Further detail on New Zealand's nationally determined contribution under the Paris Agreement

New Zealand's NDC

1. New Zealand's NDC target is to reduce emissions to 30% below 2005 levels across the period 2021-2030. This is an absolute reduction target managed using an emissions budget approach.
2. This is a different approach to the 2050 target, which is a "point year target". This means the NDC sets a budget for our emissions in all of the years of the NDC period (2021-2030) which we are responsible for. By comparison, point year targets represent a goal for the target year only, e.g. net zero emissions in 2050, with no specific accountability for the years prior to the target.

   GRAPH

New Zealand's NDC is challenging but achievable

3. Our NDC equates to a budget of approximately 600 million tonnes over the period 2021-2030.
4. New Zealand's gross emissions are projected to be approximately 783 million tonnes over the NDC period, which means we need to reduce approximately 183 million tonnes of emissions throughout 2021-2030 to meet our NDC target.
5. In 2015, the NDC level was determined following stakeholder and Māori consultation, economic modelling of the impact of the NDC on our economy and households. The process further considered what would represent maximum possible ambition for New Zealand's contribution, taking into account factors like the cost of effort, national circumstances, historical responsibility for climate change, carbon dioxide emissions per capita versus all-greenhouse gas emissions per capita, and national GDP.
6. New Zealand has a challenging emissions profile; in 2017 around half of our emissions were from agriculture, 20% from transport, and we already have a very high proportion of electricity generated from renewable sources (80-85%).
7. With the exception of forestry, New Zealand's emissions profile has not changed significantly since 2015, although the Government has policies in place or planned for all emissions sectors, including:
   - Agriculture: our world leading approach to pricing emissions from agriculture through He Waka Eke Noa;
   - Transport: the electric vehicle package and fuel efficiency measures'
   - Forestry: reforms through the NZ ETS and 1 billion trees;
   - Waste: waste levy etc.
   - Renewable energy and industrial processing
   - Strengthened NZ ETS
8. Forestry is projected to account for 76 Mt of projected forestry removals, as compared to projections in 2015 of 30 Mt.
9. Although we have established a comprehensive and ambitious set of mitigation policies to put New Zealand on a pathway to a low emissions climate resilient future, it will take time for these to take effect and reduce emissions, so reductions may be relatively small from 2021-25. We can expect greater levels of change in the period 2026-30 depending on the strength of climate change policies implemented now. There is likely to be a gap from what we can achieve domestically without significant structural change to the economy.

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10. New Zealand's NDC states that its emissions reduction target will be met through a combination of afforestation, domestic emission reductions, and access to international carbon markets with environmental integrity. The Government has agreed to maintain options of securing access to international carbon markets if this makes sense in the future [CAB-18-MIN-0248] and has agreed to a Framework for International Carbon Markets Cooperation to guide officials in discussions with potential partners [CAB-19-MIN-0688]. S9(2)(j) [redacted].

Determining how New Zealand will meet the NDC

11. It is likely that we will need a mix of afforestation, domestic emissions reductions and access to international carbon markets to meet our NDC, although we do not need to decide at this stage on the appropriate contribution of each.

12. Officials have been directed to undertake further work on what emission reductions would occur at different price points and report back to ENV in due course [CAB-19-MIN-0688]. This work, and the Climate Change Commission's advice on emissions budgets in 2021 will be important in helping the Government decide on the appropriate strategy for New Zealand to meet our NDC.

We need to better communicate our Paris contribution

13. Our NDC is often reported on as if it were a point year target, rather than an absolute reduction target using an emissions budget approach.

14. This leads to commentary which significantly underestimates the mitigation task required to meet our NDC.[9] The technical information provided in the 2020 NDC update will help to improve understanding of our NDC.

15. There is no unique way for an emissions pathway to meet a temperature goal. As a measure of consistency, we adopt comparison with the global emissions pathways as assessed by the IPCC, which include both the temperature goals and the constraints of technical possibility, cost-effectiveness, and global development. Because of the range of scenarios and assumptions that must be made, we don't make definitive statements of consistency.

16. The scenarios assessed by the IPCC that meet the 1.5°C target show steep reductions after 2020 which slow as the century progresses. This reflects the increasing marginal costs of mitigation associated with the constraints mentioned in the previous paragraph. The upshot of this is that emissions reductions become comparatively harder as the world approaches net zero emissions in the middle of the century.

17. One consequence of the concavity of the global emissions pathways is that reductions out to 2030 are very steep. When assessed using an all-gases CO^2-equivalent approach, New Zealand's NDC does not show as steep reductions as the global pathways. It is therefore not consistent with scenarios meeting the 1.5°C target, although it might be consistent with 2°C. However, this inconsistency is a consequence of the modelled global trajectories and is only reflective of the period covered by the NDC. It does not necessarily mean that our trajectory towards and beyond 2030 is incompatible with limiting warming to 1.5°C.

18. Similarly, when considered via a split gas approach, our NDC is likely to be consistent with 1.5°C. Our 2020 NDC update is an opportunity to communicate our world leading and science-based approach upon which the Zero Carbon Act and 2050 target are based, including how this applies to our NDC.

[9] See for example Climate Action Tracker, which is frequently referenced in New Zealand media.

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19. Due to New Zealand's high proportion of methane in our emissions profile, an all-gases approach does not adequately reflect the contribution of our NDC and can lead to invalid assessments of our ambition. This is particularly true for the expected pathway of reducing methane emissions: the all-gases CO2-equivalent comparison represents this as an ongoing increase in warming, whereas in fact it contributes a cooling effect to global climate. Due to the high proportion of methane in our emissions profile Cabinet agreed for a split gas target for 2050, as legislated for in the Zero Carbon Act in 2019.

20. New Zealand's NDC was formulated before the Paris Agreement was adopted in 2015, and on the basis that the global temperature goal was likely to be 2°C. When the NDC was assessed using an all-gases CO2-equivalent approach in the context of its judicial review, it was found likely to be consistent with 2°C.

21. The NDC is not consistent with 1.5°C when using an all-gases CO2-equivalent approach. However, when considered via a split gas approach our NDC is likely to be consistent with 1.5°C.[10] Our 2020 NDC update is an opportunity to communicate our world leading and science-based approach upon which the Zero Carbon Act and 2050 target are based, including how this applies to our NDC.

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10 Note that this assessment is based on the Zero Carbon Act's biogenic methane reduction target of 10 percent by 2030 being met.

Document 4

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

Updated draft Cabinet paper and narrative on updating New Zealand's nationally determined contribution under the Paris Agreement

Date Submitted:	31/01/2020	Tracking #: 2020-B-06423	
Security Level	RESTRICTED	MfE Priority:	Urgent

	Action sought:	Response by:
To Hon James Shaw, Minister for Climate Change	Respond to the recommendations Discuss with officials	3 February 2020

Actions for Minister's Office Staff	**Return** the signed report to MfE.
Number of appendices and attachments	Titles of appendices and attachments (ie separate attached documents): 1. Cabinet paper and draft narrative: Updating New Zealand's nationally determined contribution under the Paris Agreement

Ministry for the Environment contacts

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Director	Matthew Cowie		

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Updated draft Cabinet paper and narrative on updating New Zealand's nationally determined contribution under the Paris Agreement

Key Messages

Purpose

1. The purpose of this briefing is to provide you with an updated Cabinet paper and draft narrative, in response to what was discussed at the Ministry of Foreign Affairs and Trade (MFAT) officials meeting on 22 January 2020. The updated Cabinet paper and narrative include several amendments, including:
    a. updated language that affirms the challenge of our NDC
    b. changes to the framing around our national circumstances
    c. S9(2)(g)(i) [redacted]
    d. noting the delays to the Zero Carbon Bill, as delaying the establishment of the Climate Change Commission.
2. The Cabinet paper also includes a 'state of play' on the Paris Agreement internationally, confirming its continued importance in the international community. This reflects your feedback on the previous draft, discussed at the officials meeting.

Interactions between our NDC and the Zero Carbon Act targets

3. The target communicated in New Zealand's first NDC is to reduce greenhouse gas emissions to 30% below 2005 levels by 2030. It is an economy wide target covering all greenhouse gases, and will be managed using an emissions budget over the years 2021-2030.
4. The Climate Change Response (Zero Carbon) Amendment Act 2019 (ZCA) includes a target to reduce biogenic methane emissions to at least 10 per cent below 2017 levels by 2030.
5. S9(2)(g)(i) [redacted]
6. S9(2)(g)(i) [redacted]

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S9(2)(g)(i)

7. We recommend that if included, it should make up part of the narrative around the NDC, and not the NDC itself. S9(2)(h)
S9(2)(h)

Katowice Decision 4/CMA.1 and ICTU

8. We have proposed that NZ responds to the Katowice Decision 4/CMA.1 and provides information for clarity, transparency and understanding (ICTU) for this 2020 NDC update, ahead of the requirement for all Parties to report on all the elements indicated in the Katowice decision for their second NDC in 2025. New Zealand is a leader in ICTU, and is an advocate for transparency. We encourage other Parties to the Paris Agreement to use the ICTU decision.

9. One section of this decision is consideration of whether the NDC is *fair and ambitious, and consistent with the UNFCCC/Paris Agreement's temperature goals…*"

10. We note your preference to frame the NDC as *challenging*. To uphold the ICTU sections on *fairness and ambition,* New Zealand could briefly:

    a. Provide a descriptive account of the "fairness indicators" that New Zealand considered for our INDC (Table 1), and how we are meeting them.

    b. Provide information on the challenging nature of our NDC.

    c. Note that the now-established Climate Change Commission has the ability to review the appropriateness of targets, including the NDC.

11. An effective communications strategy will be needed to help mitigate the risks around not referring to New Zealand's ambition.

Table 1: Range of fairness indicators for comparing New Zealand's contribution[1]

Full name	Brief description
Resource-sharing of budget for 2°C	Based on a long run equal per capita share of global GHG emissions, this indicator provides suggested GHG emissions budgets for New Zealand over time.
Resource-sharing of CO_2	Based on a long run equal per capita share of global CO2 emissions, this indicator provides suggested CO2 emissions budgets for New Zealand over time.
Cost of effort	This indicator compares the relative costs of emissions reductions in different countries.
Past effort	This indicator reveals which countries have made significant efforts to reduce emissions. It is a combination of emissions intensity, income and per capita emissions.

[1] Working group paper, from the Paris Project Workshop. 14 August 2014.

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Capacity	This indicator provides a capacity score, which relates to a country's ability to reduce emissions. It is a combination of emissions intensity, income and per capita emissions.
National circumstances	This is a range of metrics that attempt to describe the key differences between countries' special circumstances.
Share of the world's emissions	This indicator relates a countries' share of global emissions to its share of global population.
Past precedent	This indicator provides suggested emissions targets for New Zealand based on existing climate change commitments.
Headline number	This indicator looks at the percentage emissions reductions put forward by other countries.

Compatibility of our NDC with 1.5°C

12. Officials will provide you with further advice on the compatibility of our target with 1.5°C in the coming week.

13. We have removed sections referring to consistency with 1.5°C from the Cabinet paper because our current findings are inconclusive, and further analysis is needed before we are in a position to provide advice on the consistency of the NDC with the temperature goal.

Tokelau and New Zealand's NDC

14. The NDC narrative includes a placeholder about Tokelau. Officials will work with Tokelau on how they would like to describe their climate contribution.

Interagency and ministerial consultation

15. The Cabinet paper has been drafted in consultation with officials from MFAT. We will send out the current draft for interagency consultation on the 31 January 2020. The current version does not yet reflect any feedback from agencies outside of MFAT. We will let you know if feedback is substantive and include this in a revised Cabinet Paper ahead of the lodgement date on 13 February.

16. We are working towards lodgement of the Paper and its appendices on 13 February, for ENV on 20 February, and Cabinet on 24 February. If there are substantial comments to come out of Ministerial consultation, this timeframe can be extended. You could then aim for DEV on 4 March or ENV on 12 March.

Targeted stakeholder engagement

17. You have agreed during previous meetings with officials not to conduct a full stakeholder consultation on the NDC update, on the grounds that there has been extensive consultation to date and that the NDC is a component of this wider climate policy framework.

18. Officials are seeking direction from you on engaging with a targeted number of stakeholders about the NDC update, ahead of a submission to the UNFCCC. If you agree, we will share with you a proposed communications and engagement plan on this work.

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Recommendations

19. We recommend that you:

a. **Agree** to provide feedback to officials during the week starting 3 February

Yes/No

b. S9(2)(g)(i)

c. **Direct** officials to engage in targeted stakeholder engagement on the NDC, prior to the submission to the UNFCCC.

Yes/No

d. **Note** you will receive separate advice on the consistency of our NDC with the 1.5°C temperature goal.

e. **Note** that the narrative includes placeholder text on Tokelau, and that officials from MFAT will continue to work with officials from Tokelau on how they would like to describe their climate contribution.

Signature

Matthew Cowie
(Acting) Director, Climate Change

31/1/20
Date

Hon James Shaw
Minister for Climate Change

Date

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Annex 1: Draft Cabinet paper and narrative – Updating New Zealand's nationally determined contribution under the Paris Agreement

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Restricted

Office of the Minister for Climate Change

Chair, Cabinet Environment, Energy and Climate Committee

Updating New Zealand's Nationally Determined Contribution under the Paris Agreement

Proposal

1. Parties to the Paris Agreement are required to communicate or update their Nationally Determined Contributions (NDCs) by March 2020. In 2016, New Zealand ratified the Paris Agreement and we submitted our NDC which covers a ten year period from 1 Janua y 2021.

2. I am seeking Cabinet's approval of New Zealand's 2020 NDC update to the United Nations Framework Convention on Climate Change (UNFCCC). (Appendix 1).

3. I propose to enhance New Zealand's existing NDC with a na rative high ighting our 2050 target and other domestic action, further technical in ormation to imp ove understanding of the NDC, and information on Tokelau's climate contribution This does not change the headline number of the emissions reduction target component of New Zealand's NDC nor is it intended to confer additional obligations on New Zealand.

Executive summary

4. New Zealand's NDC target under the Paris Agreement is to reduce emissions to 30% below 2005 levels across the period 2021-2030. This is an absolute reduction target managed using an emissions budget approach. This means we will be responsible for reducing emissions through our entire NDC period

5. Cumulatively, existing NDCs do not represent sufficient ambition to limit warming to 1.5°C and there is a clear need for greater global action on climate change. Parties to the Paris Agreement, including New Zealand, are required to communicate or update their NDCs by March 2020.

6. This is an international legal obligation. It is also an opportunity for New Zealand to affirm its full commitment to global action to limit warming to 1.5°C, and communicate our extensive domestic action on climate change.

7. I propose that New Zealand updates its NDC with information on our changed domestic context, particularly he Climate Change Response (Zero Carbon) Amendment Act (Zero Carbon Act) 2050 target. This domestic context (the Zero Carbon Act) is compatible with limiting warming to 1.5°C. In addition to a narrative highlighting domestic action, I propose to enhance the NDC with technical information to improve understanding of the challenge it encompasses for New Zealand. I seek Cabinet's agreement to submit the 2020 NDC update (Appendix 1) to the UNFCCC.

8. In 2017 New Zealand's application of the Paris Agreement was extended to include Tokelau. Tokelau is now also included in New Zealand's greenhouse gas reporting. Officials are working with Tokelau on how to appropriately include Tokelau's climate

[1] This is a "responsibility target", meaning that the target could be met through a combination of domestic emissions reductions, domestic sinks, and purchases of international units.

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contribution as part of New Zealand's 2020 NDC update. I seek Cabinet's agreement for delegated authority to the Minister for Climate Change and the Minister of Foreign Affairs to approve the Tokelauan content, once it is available.

9. There is a high likelihood that New Zealand's 2020 NDC update may be received negatively by some countries and commentators, as it does not raise the headline level o our emissions reduction target for 2030. This is a risk shared by some other develo ed countries which plan a similar approach to their updated NDCs, notably Switzerland. Our 2020 NDC update seeks to mitigate this risk by highlighting New Zealand's enhanced domestic action, and by improving understanding of the nature and scale of our NDC.

10. I had originally planned on revisiting the NDC's ambition in 2019, but deferred due to delays to the Zero Carbon Act which consequently delayed the establishment of the Climate Change Commission. The Commission will provide independent, expert advice, including on New Zealand's climate change targets.

11. Although invited to update in 2020, under the Paris Agreement New Zealand is able to amend our NDC at any stage (we are not limited in opportunities to revise our target, only on the nature of the revision as we need to demonstrate progression and increased ambition overtime).

12. I plan to direct the Commission to advise the government on the NDC in due course. It may be appropriate to reconsider the headline number of our NDC target, once we have received the Commission's advice.

Background

New Zealand is committed to ambitious climate action and the Paris Agreement

13. The Paris Agreement was designed to ensure that all countries, no matter how big or small, contribute to keeping average global temperature increase to well below 2°C above pre-industrial levels, and pursuing efforts to limit the temperature increase to 1.5°C.

14. NDCs represent each country's contribution to these global temperature limits. NDCs are required to show a country's highest level of ambition to reduce global emissions, a progression on previous efforts and to be more ambitious over time.

15. New Zealand's NDC represents our international contribution to mitigating climate change. It is a waypoint on a long-term journey towards the 2050 target we set under the Zero Carbon Act, which is a 1.5°C consistent target. It also sets us on a path towards the Paris Agreement's Article 4(1) objective for Parties to aim for carbon neutrality -- balancing emissions and removals -- in the second half of the century.

16 New Zealand's NDC is to reduce emissions to 30% below 2005 levels across the period 2021 2030. This corresponds to a total budget for our emissions from 2021-2030 which equates to approximately three-quarters of our projected total emissions for 2030.

17 Our NDC is a "responsibility target", meaning that the target could be met through a combination of domestic emissions reductions, emissions removals (e.g. from forestry), and access to international carbon markets. We do not need to make decisions on how we will meet our NDC at this stage.

18. Appendix 2 contains further detail on New Zealand's NDC.

Enhancing NDCs in 2020

19. As outlined above, Parties to the Paris Agreement are required to communicate or update their NDCs in 2020. There are increasing calls for these updates to "enhance" the ambition of NDCs.

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20. Enhancement can be interpreted as increasing the headline number of the NDC target aligning the NDC's implementation with long-term goals and/or by providing enhanced information to improve transparency[2] and understanding of NDCs.[3]

The need for increased global ambition

21. The Paris Agreement remains the most important forum for addressing climate change. It has near universal membership and its annual meetings are attended by a large number of ministers, global leaders, tens of thousands of participants and attract significant media interest. With the Paris "rulebook" largely finalised over the past two years, attention is increasingly focusing on the Agreement's implementation. Many countries, including New Zealand, have made efforts to implement the Paris Agreement through putting in place comprehensive domestic policies and measures and long-term climate goals.

22. Despite this, 2020 will be an important test for the Paris Agreement as current NDCs do not cumulatively represent sufficient action to limit warming to 1.5°C[4] and there is mounting evidence that urgent action is needed to significantly reduce global emissions before 2030 in order to meet the 1.5°C goals.[5]

23. New Zealand actively works to address the "global ambition gap". This is in line with Cabinet's objective for New Zealand to advocate for UNFCCC Parties and other entities, to align their climate action with holding temperature increase to 1.5°C with limited or no overshoot [CAB-19-MIN-0430].

24. The 2018 Talanoa Dialogue sought to influence countries to increase their ambition when updating their NDCs. New Zealand acknowledged the significant gap between current global emissions and the 1.5°C scenario, endorsing the Talanoa Call to Action at COP24. The United Nations Secretary-General's (UNSG) Climate Action Summit 2019 also pushed for increased action and ambition of NDCs. New Zealand played a significant role through co-leading the Nature Based Solutions pillar with China, encouraging countries to "unlock the full potential of nature in climate action."

25. Calls for increased ambition featured last year at COP25 in Madrid[6] and I expect global ambition and Parties' updated NDCs to be in the spotlight at COP26 in Glasgow in November 2020. The European Union (EU) has announced that it will increase its NDC from a 40% to a 55% reduction from 1990 levels by 2030. S6(b) [redacted]

26. There are signals that others will follow suit including s 6(a) [redacted] [placeholder for information on other country responses]. Some others, like S6(a) [redacted], do not plan to increase their headline numbers but to enhance their NDCs with additions information and by aligning NDC implementation with their long-term climate goals.

[2] More specifically, to improve "clarity, transparency and understanding" as per UNFCCC decision 4/CMA.1.

[3] World Resources Institute (2019). *Enhancing NDCs: A Guide* to *Strengthening National Climate Plans by 2020*

[4] This has been illustrated in a number of reports, including the recent UNEP Emissions Gap Report 2019 which found that countries would need to increase their 2030 climate plans more than fivefold to limit global temperature rise to the 1.5°C goal of the Paris Agreement)

[5] The IPCC Special Report on 1.5°C found that limiting global warming to 1.5°C would require reducing global net human-caused emissions of carbon dioxide to fall by about 45 percent from 2010 levels by 2030, reaching 'net zero' around 2050. This means that any remaining emissions would need to be balanced by removing CO2 from the air.

[6] Global ambition featured in the COP's outcome the *Chile Madrid Time for Action* (Decision 1/CP.25 and 1/CMA.2).

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Analysis

Approach to updating New Zealand's NDC in 2020

27. New Zealand's NDC is short and succinct. Its structure has been modelled on how Parties to the Kyoto Protocol communicated their commitments. However, our existing NDC is not well understood. International commentators frequently report erroneously on the nature and ambition of our NDC, which is often then reported in domestic media coverage.[7]

28. Some Parties to the Paris Agreement have used, or plan to use, their ND-Cs to describe their approach to climate action, beyond an emissions reduction target. I propose that New Zealand enhance its NDC by providing increased information on our climate action, and its contribution towards limiting global temperature rise to 1.5°C.

29. The proposed update of the NDC was guided by the following principles:

    - New Zealand's commitment to limiting global temperature rise to 1.5°C (rather than 2°C);
    - The NDC should effectively communicate the challenging nature of New Zealand's contribution to the global effort including through our domestic policies and measures;
    - The NDC should be enduring in nature and reflect the fact that domestic policies and actions may change or evolve over time, for example in response to the independent Climate Change Commission's advice, or due to technological advancements;
    - The NDC should be clearly communicated to ensure understanding of the technical elements of the NDC, for example the implications of taking an absolute emissions budget approach;
    - The NDC should not prejudge how New Zealand will meet our NDC, but should continue to keep the option of using international carbon markets open for future governments, as a way to supplement domestic action.

Proposed NDC update

30. I am seeking Cabinet's agreement to the update of New Zealand's NDC contained in Appendix 1. This update reflects the principles outlined above. It highlights some of New Zealand's domestic developments and international contributions that illustrate the enhanced ambition of our NDC, and includes technical information to improve understanding of our NDC

31. The key messages that I propose to communicate in the 2020 NDC update are summarised below

    - New Zealand is committed to playing its part and taking action on climate change as part of the global effort through the Paris Agreement and in line with the IPCC Special Report on 1.5°C and the Talanoa Dialogue Call to Action;
    - New Zealand has enhanced its NDC with information on our domestic context including the Zero Carbon Act framework, particularly the 2030 methane reduction target, and the 2050 targets which are consistent with 1.5°C.
    - The 2050 targets will drive New Zealand's transition to a low emissions, climate resilient future and support New Zealanders to make decisions that will reduce emissions and promote climate resilience. Our NDC is our international

[7] For example, Carbon Action Tracker's report on New Zealand mischaracterises New Zealand's NDC, and this report is often referenced in domestic media coverage.

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contribution to climate change and a waypoint on a long-term journey towards our 2050 target.

- Our focus is on addressing the long-lived gases that largely determine long-term warming of the climate. We will take strong action on long-lived gases as these emissions can remain in the atmosphere for centuries, increasing in concentration as long as their emissions continue. (Indicative modelling shows that we may reduce long-lived gases by around 52 percent over the period 2021 to 2030.[8]

- New Zealand's national circumstances directly relate to our emissions profile New Zealand's population and economy are predicted to continue growing, along with gross emissions. The largest contributors to these emissions are the agriculture (48 percent) and energy (41 percent) sectors. New Zealand has a high proportion of renewable electricity generation (80 to 85 percent).

- New Zealand's NDC target is challenging. New Zealand's NDC under the Paris Agreement is to reduce emissions to 30% below 2005 levels across the period 2021-2030. As the NDC is an absolute reduction target managed using an emissions budget approach, this means New Zealand will be responsible for reducing emissions through the entire NDC period cumulatively. This is expected to deliver reductions equivalent to one quarter of projected emissions over the NDC period.[9]

- New Zealand's NDC is a "responsibility target", meaning that the target could be met through a combination of domestic emissions reductions, emissions removals, and access to international carbon markets.

- We have put in place the policies we need with a comprehensive package of domestic policies that cover all parts of our emissions profile and which are supported by legislation and processes to reduce emissions and guide our transition, such as the independent Climate Change Commission, Climate Implications of Policy Assessment requirements and a strengthened NZ ETS.

- New Zealand reserves the right to use, international carbon markets with environmental integrity as cooperation with other countries can supplement domestic efforts with greater global emissions reductions.

32. In addition the NDC update includes technical information to support understanding of New Zealand's NDC and the challenge it sets us. The update includes information on New Zealand's emissions profile (e.g. high proportion of emissions from agriculture), national circumstances (e.g. projected 50% increase in population from 1990 to 2030) and the nature of our NDC (e.g. an explanation of our emissions budget for the period 2021-2030).

33. The additional technical information is provided in line with specific and detailed guidance on what to include in NDCs which was agreed at COP24 in 2018.[10] This guidance is a requirement for second and subsequent NDCs. By applying it to our first NDC update in a deliberate way New Zealand will be signalling our commitment to the effective implementation of the Paris Agreement, and demonstrating leadership.

[8] This modelling assumes that the target to reduce biogenic methane emissions to at least 10 percent below 2017 levels by 2030 is met, and takes into account projected removals from forestry. Please note, this figure is dependent on old forestry projections and is subject to change.

[9] Based on projections in New Zealand's 4th Biennial Report, 2019.

[10] Through Katowice Decision 4/CMA.1 UNFCCC Parties agreed specific and detailed guidance on the information to be provided in NDCs and strongly encouraged Parties to provide this information in relation to their first NDCs, including those communicated or updated by 2020

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Including Tokelau in New Zealand's NDC

34. Officials have also consulted the Government of Tokelau, to ensure that Tokelau's climate contribution is appropriately included in New Zealand's 2020 NDC update. This reflects that New Zealand's application of the Paris Agreement was extended to Tokelau in 2017 and that Tokelau is now included in New Zealand's international greenhouse gas reporting.

35. Tokelau has indicated that it wishes to be included in our 2020 NDC update. The Ministry of Foreign Affairs and Trade (MFAT) is working with Tokelauan officials to ensure Tokelau is appropriately included. However, Tokelau has advised that it requires additional time to prepare its material. Therefore, I propose that Cabinet delegate authority to the Ministers of Climate Change and Foreign Affairs to approve Tokelauan content, once it is available.

Timing considerations

36. S9(2)(h) [redacted]

37. I may need to exercise some flexibility over the timing in order to include Tokelau's climate contribution and to coordinate with the timing of countries which are taking a similar approach to New Zealand.

Revisiting the NDC's ambition in future

38. Under the Paris Agreement, Parties are required to communicate an NDC every five years. All Parties to the Paris Agreement are able to review and resubmit their NDC at any stage and NDCs are expected to be progressive (i.e. represent an increase in ambition over time).

39. Any decision on changing the NDC should take into account the Climate Change Commission's advice on emissions budgets in 2021, and this was not possible for the 2020 update as a consequence of delays to the Zero Carbon Act.

40. I plan to direct the Climate Change Commission to advise the Government on the NDC. It may be appropriate for the headline number of our NDC target to be revisited in due course, once we have received the Commission's advice.

41. New Zealand's second NDC is due to be submitted in 2025, and to cover the period 2031-2035. Our second NDC will be informed by the Commission's advice.

Consultation

42. This paper was prepared by the Ministry for the Environment, with input from the Ministry of Foreign Affairs and Trade.

43. The Treasury, the Ministry for Primary Industries, Te Puni Kokiri, Te Arawhiti and the Ministry of Business, Innovation and Employment were consulted in its preparation. The Department of the Prime Minister and Cabinet was informed. Where feedback was received it is reflected in this paper.

44. In 2015, the government went through a comprehensive process to formulate the NDC. This included stakeholder and Māori consultation, economic modelling of the impact of the NDC on our economy and households, and the cost of our effort. There was also consideration of factors such as national circumstances, historical responsibility for climate change, carbon dioxide emissions per capita versus all-greenhouse gas emissions per capita, and national GDP.

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45. In 2018, the Government released the *Our Climate Your Say: Consultation on the* Zero Carbon *Bill* which received more than 15,000 submissions on New Zealand's 2050 target and the Zero Carbon Bill. In 2019, the Environment Select Committee had nearly 11,000 written and oral submissions on the Zero Carbon Bill. The Committee heard from parents, students, scientists, farmers, academics, health professionals, activists, iwi, local government and many more.

46. I believe that I have consulted extensively on the framework for delivering New Zealand's climate action out to 2050, which culminated in the Zero Carbon Act's near unanimous adoption late last year. I view the NDC as a component of this wider climate policy framework, and a waypoint on our transition to a low emissions, climate resilient Aotearoa. My proposal is therefore to enhance the NDC with information reflecting the matters covered by the Zero Carbon Bill consultation.

47. I recognise that there are stakeholders with strong interest in New Zealand's climate ambition, including the NDC, and this is also an issue highly relevant to Maori. I have directed officials to undertake targeted engagement ahead of the NDC's submission to explain our approach to enhancing our NDC and share the narrative outlined above with key stakeholders and iwi/Māori.

48. s 9(2)(h) [redacted]

Financial Implications

49. There are no financial implications from the proposals in this paper.

Legislative implications

50. There are no legislative implications from this paper.

Regulatory impact analysis

51. The RIA requirements do not apply as there are no regulatory implications from this paper.

Climate implications of policy assessment

52. CIPA will apply, analysis has yet to be done or quality assured. This analysis will be complete for the version of the paper that is circulated for ministerial consultation.

Gender implications

53. There are no gender implications arising from this paper.

Disability perspective

54. There are no disability implications arising from this paper.

Treaty of Waitangi

55. This analysis will be complete for the version of the paper that is circulated for ministerial consultation.

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Publicity

56. I plan a media release to highlight New Zealand's submission of the 2020 NDC update to the UNFCCC Secretariat. There is likely to be scrutiny from international and domestic climate change commentators and media on updated NDCs, some of which have erroneously reported on our NDC in the past.

Proactive Release

57. I propose to proactively release this paper on the Ministry for the Environment's website in whole, subject to redactions as appropriate equivalent to those under the Official Information Act 1982, once public announcements have been made.

Recommendations

The Minister for Climate Change recommends that the Committee:

1. **Note** the need for enhanced global action on climate change to limit warming to no more than 1.5°C above pre-industrial levels;
2. **Note** that New Zealand's NDC is to reduce emissions to 30% below 2005 levels across the period 2021-2030, managed using an emissions budget approach;
3. **Note** that New Zealand is required to provide an updated NDC to the UNFCCC Secretariat;
4. **Note** that the updated NDC in Appendix 1 enhances New Zealand's NDC with a narrative highlighting our 2050 target and other domestic action, as well as further technical information to enhance clarity, transparency and understanding of our NDC, and that it does not change the headline number of New Zealand s NDC nor is it intended to confer additional obligations on New Zealand.
5. **Agree** to submit New Zealand s 2020 NDC lupd406 as contained in Appendix 1 to the Secretariat of the United Nations Framework Convention on Climate Change;
6. **Note** that in 2017 New Zealand's app ication of the Paris Agreement was extended tom include Tokelau and that Tokelau has indicated they would like to include their climate contribution as part of New Zealand s 2020 NDC' update,- but that their contribution requires more time to collate;
7. **Authorise** the Ministers of Climate Change and Foreign Affairs to approve the Tokelauan content once available for inclusion in New Zealand's update;
8. **Request** the Minister for Climate Change to return to Cabinet following receipt of the Climate Change Commission's advice on the NDC.

Authorised for lodgement.

Hon James Shaw

Minister for Climate Change

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Appendix 1: New Zealand's enhanced 2020 NDC

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Appendix 2: Further detail on New Zealand's nationally determined contribution under the Paris Agreement

New Zealand's NDC

1. New Zealand's NDC target is to reduce emissions to 30% below 2005 levels across the period 2021-2030. This is an absolute reduction target managed using an emissions budget approach.

2. This is a different approach to the 2050 target, which is a "point year target". This means the NDC sets a budget for our emissions in all of the years of the NDC period (2021-2030) which we are responsible for. By comparison, point year targets represent a goal for the target year only, e.g. net zero emissions in 2050, with no specific accountability for the years prior to the target.

New Zealand's NDC is challenging but achievable

3. Our NDC equates to a budget of approximately 600 million tonnes over the period 2021-2030.

4. New Zealand's gross emissions are projected to be approximately 783 million tonnes over the NDC period, which means we need to reduce approximately 183 million tonnes of emissions throughout 2021-2030 to meet our NDC target.

5. In 2015, the NDC level was determined following stakeholder and Māori consultation, economic modelling of the impact of the NDC on our economy and households. The process further considered what would represent maximum possible ambition for New Zealand's contribution, taking into account factors like the cost of effort, national circumstances, historical responsibility for climate change, carbon dioxide emissions per capita versus all-greenhouse gas emissions per capita, and national GDP.

6. New Zealand has a challenging emissions profile; in 2017 around half of our emissions were from agriculture, 20% from transport, and we already have a very high proportion of electricity generated from renewable sources (80-85%).

7. With the exception of forestry, New Zealand's emissions profile has not changed significantly since 2015, although the Government has policies in place or planned for all emissions sectors, including:

    - Agriculture: our world leading approach to pricing emissions from agriculture through He Waka Eke Noa;
    - Transport: the electric vehicle package and fuel efficiency measures;
    - Forestry: reforms through the NZ ETS and 1 billion trees;
    - Waste: waste levy etc.
    - Renewable energy and industrial processing
    - Strengthened NZ ETS

8. Forestry is projected to account for 76 Mt of projected forestry removals, as compared to projections in 2015 of 30 Mt.

9. Although we have established a comprehensive and ambitious set of mitigation policies to put New Zealand on a pathway to a low emissions climate resilient future, it will take time for these to take effect and reduce emissions, so reductions may be relatively small from 2021-25. We can expect greater levels of change in the period 2026-30 depending on the strength of climate change policies implemented now. There is likely to be a shortfall gap from what we can achieve domestically and the NDC budget.

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10. New Zealand's NDC states that its emissions reduction target will be met through a combination of afforestation, domestic emission reductions, and access to international carbon markets with environmental integrity. The Government has agreed to maintain, options of securing access to international carbon markets if this makes sense in the future [CAB-I8-MIN-0248] and has agreed to a Framework for International Carbon Markets Cooperation to guide officials in discussions with potential partners [CAB-12-MIN-0688]. s 9(2)(j)

s 9(2)(j)

Determining how New Zealand will meet the NDC

11. It is likely that we will need a mix of afforestation, domestic emissions reductions aid access to international carbon markets to meet our NDC, although we do not need decide at this stage on the appropriate contribution of each.

12. Officials have been directed to undertake further work on what emission reductions would occur at different price points and report back to ENV in due course [CAB-19-MIN-0688]. This work, and the Climate Change Commission's advice on emissions budgets in 2021 will be important in helping the Government decide on the appropriate strategy for New Zealand to meet our NDC.

We need to better communicate our Paris contribution

13. Our NDC is often reported on as if it were a point year target, rather than an absolute reduction target using an emissions budget approach.

14. This leads to commentary which significantly underestimates the mitigation task required to meet our NDC.[11] The technical information provided in the 2020 NDC update will help to improve understanding of our NDC.

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[11] See for example Climate Action Tracker, which is frequently referenced in New Zealand media.

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NEW ZEALAND

Submission under the Paris Agreement
New Zealand's Nationally Determined Contribution
DD MM 2020

New Zealand hereby communicates our Nationally Determined Contribution (NDC) under the Paris Agreement for the period 2021 to 2030.

New Zealand commits to reduce greenhouse gas emissions to 30 percent below 2005 levels by 2030, managed using a multi-year emissions budget.

We have enhanced New Zealand's NDC with contextual information about our long-term domestic climate change action aiming to limit global temperature increases to no more than 1.5°C above pre-industrial levels (rather than 2°C).

Our NDC is additionally enhanced with further information to facilitate clarity, transparency and understanding of New Zealand's NDC (decision 4/CMA.1 refers).

New Zealand intends to communicate ou adaptation efforts under the Paris Agreement in alternative documents to the NDC (decision 9/CMA.1 refers).

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Contextual information accompanying New Zealand's NDC

New Zealand is committed to taking decisive action on climate change, with our first NDC constituting our international contribution to reduce emissions in the near-term. Our NDC target is a multi-year emissions budget to reduce emissions by 30 percent below 2005 levels by 2030. We will account for all emissions in the years between 2021 and 2030, not only in the target year (2030). It is the total amount emitted altogether that matters most for addressing climate change. With gross emissions under current settings estimated to be 783 million tonnes of carbon dioxide-equivalent over the NDC period, we are likely to have an emissions budget of 600 million tonnes. This would make us responsible for reducing emissions by 183 million tonnes, which equates to approximately a quarter of our projected total emissions between now and 2030.

Our 2021-2030 NDC is the third emissions reduction target New Zealand has taken internationally. We previously set and met our target for 2008-2012 under the Kyoto Protocol, and are on track to meet our target for 2013-2020 under the United Nations Framework Convention on Climate Change.[1] Each of New Zealand's international targets have exceeded the last, and our first NDC target again represents progression beyond our 2013-2020 target.

New Zealand plans to achieve our 2021-2030 NDC target, prioritising domestic emissions reductions across all sectors and greenhouse gases and increasing carbon dioxide removals through forestry. We may supplement our efforts by using international carbon markets with environmental integrity. Cooperating with other countries will enable us to contribute to greater global emissions reductions.

New Zealand's national circumstances include trends of continuing growth of our population and economy, along with our gross emissions. The largest contributors to these emissions are our agriculture (48 percent) and energy (41 percent) sectors. Together with our existing high proportion of renewable electricity generation (80 to 85 percent), this means New Zealand has a challenging task ahead. We are mindful however, that a successful transition to a low emissions, climate-resilient future will require us to overcome these challenges and to capitalise on the opportunities instead.

New Zealand is focussed on the Paris Agreement goal of pursuing efforts to limit global temperature increase to 1.5°C above pre-industrial levels. The benefits of staying within 1.5°C, and making far-reaching and rapid transformations, are clearly outlined in the Intergovernmental Panel on Climate Change *Special Report on global warming of 1.5°C* and reiterated in the Talanoa *Call to Action*. New Zealand has taken on board these findings in the development of its domestic policy planning we are placing the objective of 1.5°C at the heart of our response.

Our Climate Change Response (Zero Carbon) Amendment Act 2019 legislates a 2050 emissions reduction target within the 1.5°C threshold, and our 2030 NDC is a waypoint on a journey toward this long term goal. In keeping with the science, New Zealand is emphasising reductions in the long lived gases that largely determine long-term warming of the climate. We want to ensure they are not emitted for years to come during a crucial juncture for the world. Our 2050 targets are therefore set to reduce: emissions of biogenic methane to 24-47 percent below 2017 levels by 2050 and net emissions of all other greenhouse gases to zero by 2050. It also includes an interim step to reduce biogenic methane emissions to at least 10 percent below 2017 levels by 2030. New Zealand correspondingly will need to contribute a significant reduction in long-lived gases (estimated at around s 9(2)(g)(i) after projecting for forestry removals) over the period 2021 to 2030. [Possible placeholder: science about NDC and 1.5°C].

Our 2050 target sits alongside a broader framework that will enable New Zealand to develop clear and stable climate change policies over time. In addition to the 2050 target, the Zero Carbon Act framework: establishes a system of successive emissions budgets and plans to act as stepping stones toward our 2050 target; establishes a Climate Change Commission to provide

[1] New Zealand's 2008-2012 target was to reduce emissions to 1990 levels on average over the Kyoto Protocol First Commitment Period; New Zealand's 2013-2020 target is to reduce emissions by 5 percent below 1990 levels by 2020.

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independent advice to the Government and monitor our progress toward long-term climate goals, and institutes adaptation measures. Altogether, the framework aligns New Zealand's transition to the objectives of the Paris Agreement, including balancing emissions and removals in the second half of the century, and supports our commitments to the Carbon Neutrality Coalition. The framework also provides opportunities to reflect on our ambition, with our Climate Change Commission able to advise on any necessary enhancements.

In addition to this overarching framework, New Zealand has put in place a suite of domestic policies to achieve our climate change targets that cover all sources of our emissions. These policies are designed to reduce emissions in an enduring and comprehensive way, although may need adjusting over time as new technologies become available, our national circumstances evolve, other policies are developed, and we receive expert advice from our Climate Change Commission. Some of our key policies at this time include, among many others:

- strengthening our primary tool to reduce emissions, the New Zealand Emissions Trading Scheme, to align its purpose with our Zero Carbon Act framework and the Paris Agreement, and limiting global warming to 1.5°C.
- pricing our agricultural emissions from 2025 onwards.
- requiring government agencies to disclose the greenhouse gas emissions impacts of policies through Climate Implications of Policy Assessments.
- increasing afforestation, as a Nature Based Solution, primarily by planting one billion trees (both exotic and native species) by 2028.
- accelerating investment in low emissions solutions through the NZ$100m Green Investment Finance Limited and developing a mandatory regime for the disclosure of climate-related financial risks and opportunities.

Beyond our 2021-2030 NDC target, we will continue working with other countries to galvanise and facilitate greater ambition through collaborative initiatives. This includes advocating for ambitious and effective disciplines on inefficient fossil fuel subsidies, employing trade policies, practices and rules to achieve the goals of the Paris Agreement (such as the Agreement on Climate Change, Trade and Sustainability), and committing resources to undertake research and develop technologies for growing more food without growing greenhouse gas emissions (such as the Global Research Alliance on Agricultural Greenhouse Gases).

[Placeholder narrative content: New Zealand extended its ratification of the UNFCCC and the Paris Agreement to include Tokelau as of 13 November 2017, and **we welcome Tokelau's contribution to addressing climate change [in Annex X].** Tokelau is particularly vulnerable to climate change; and as a small set of atolls, committed to tackling climate change. Tokelau was included in New Zealand's greenhouse gas reporting in 2017, setting a positive example of transparency of its emissions and commitments. Tokelau's contribution represents further action still.

Placeholder title: *New Zealand's NDC: a snapshot*

Placeholder title: *Information to facilitate clarity, transparency and understanding of New Zealand's NDC]*

Quantifiable Information on the reference point and a base year	
Sub-element:	Information:
Reference year(s), base year(s), reference periods) or other starting point(s):	XXX
Quantifiable information on the reference indicators; their values in the reference year(s), base year(s), reference period(s) or other starting point(s), and, as	XXX

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applicable, in the target year:	
Information on sources of, data used in quantifying the reference point(s):	XXX
Information on the circumstances under which the Party may update the values of the reference indicators:	
Timeframes and/or periods for implementation	
Sub-element:	Information:
General description of the Target:	XXX
Sectors, gases, categories and pools covered by the nationally determined contribution, including, as applicable, consistent with Intergovernmental Panel on Climate Change (IPCC) guidelines:	XXX
Element: Planning processes	
Sub-element:	Information:
Information on the planning processes that the Party undertook to prepare its nationally determined contribution:	XXX
Party's implementation plans, including, as appropriate, domestic institutional arrangements:	XXX
Party's implementation plans, including publics participation ands engagement with local communities and indigenous peoples, in a gender-responsive manner:	XXX
Contextual matters, including, inter alia, as appropriate, national circumstances, such as geography, climate,	XXX

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economy, sustainable development and poverty eradication:	
Contextual matters, including, inter alia, as appropriate, other contextual aspirations and priorities acknowledged when joining the Paris Agreement:	XXX
Element: Assumptions and methodological approaches, including those for estimating and accounting for anthropogenic greenhouse gas emissions and, as appropriate, removals	
Sub-element:	Information:
Assumptions and methodological approaches used for accounting for anthropogenic greenhouse gas emissions and removals corresponding to the Party's NDC, consistent with decision 1/CP.21, paragraph 31, and accounting guidance adopted by the CMA:	XXX
Assumptions and methodological approaches used for accounting for the Implementation of policies and measures or strategies in the NDC:	XXX
If applicable, information on how the Party will take into account existing methods and guidance under the Convention to account for anthropogenic emissions and removals, in accordance with Article 4, paragraph 14, of the Paris Agreement, as appropriate (i.e. how we promote environmental integrity, TACCC, and ensure avoidance of double counting):	XXX
IPCC methodologies and metrics used for estimating anthropogenic greenhouse as emissions and removals:	XXX
Sector-, category- or activity-specific assumptions, methodologies and approaches consistent with IPCC guidance, as appropriate, including, as applicable: (i) Approach to addressing emissions and subsequent removals from natural	XXX

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disturbances on managed lands; (ii) Approach used to account for emissions and removals from harvested wood products; (iii) Approach used to address the effects of age-class structure in forests:	
The intention to use voluntary cooperation under Article 6 of the Paris Agreement if applicable:	XXX
Element: How the Party considers that its NDC is fair and ambitious in the light of its national circumstances	
Sub-element:	Information:
How the Party considers that its NDC contribution is fair and ambitious in the light of its national circumstances:	XXX
Fairness considerations; including reflecting on equity	XXX
How the Party addressed Article 4, paragraph 3, of the Paris Agreement (i.e. how NDC target represents progression and highest possible ambition):	XXX
How the Party has addressed Article 4, paragraph 6, of the Paris Agreement (i.e. LD and small island developing states may prepare and communicate strategies, plans and actions for low greenhouse gas emissions development reflecting their special circumstances:	XXX
Element: How the NDC contributes towards achieving the objective of the, Convention as set out in its Article 2	
Sub-element:	Information:
Article 2 of the Convention (i.e. stabilisation of greenhouse gas concentrations in then atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system):	XXX
How the nationally determined contribution contributes towards Article 2, paragraph 1(a), and Article 4, paragraph 11 of the Paris	

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Agreement. (i.e. global temperature goals, including to limit global temperature to 1.5ºC):	

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Cabinet paper and update of New Zealand's nationally determined contribution under the Paris Agreement

Date Submitted:	13/02/2020	Tracking #: 2020-B-06453	
Security Level	RESTRICTED	MfE Priority:	Urgent

	Action sought:	Response by:
To Hon James Shaw, Minister for Climate Change	**Note** New Zealand's updated 2030 NDC **Discuss** with MfE/MFAT officials on Monday 17 February **Agree** to send the Cabinet Paper and NDC for ministerial consultation	Monday 17 February

Actions for Minister's Office Staff	**Return** the signed report to MfE.
Number of appendices and attachments	Titles of appendices and attachments: 1. Cabinet paper and narrative: Updating New Zealand's nationally determined contribution under the Paris Agreement

Ministry for the Environment contacts

Position	Name	Cell phone	1st contact
Principal Author	Adam Bradshaw		
Responsible Manager	Sarah Deblock	0220124772	✓
Director	Roger Lincoln	0272907625	

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Cabinet paper and update of New Zealand's nationally determined contribution under the Paris Agreement

Key Messages

Purpose

1. The purpose of this briefing is to provide you with the updated Cabinet paper and the proposed update of New Zealand's Nationally Determined Contribution (NDC) for Ministerial Consultation. This briefing note also provides context around the changes in the Cabinet Paper, to reflect your feedback from the previous draft, as well as other agencies' input. The updated Cabinet paper and NDC have several amendments, including:

    a. the use of the Global Warming Potentials (GWPs) from the IPCC fifth Assessment Report rather than the IPCC fourth Assessment Report;
    b. information concerning NDC updates from other countries

Proposal to use the updated Global Warming Potentials (GWPs) from the IPCC 5th Assessment

2. Officials propose using Global Warming Potentials (GWPs) from the IPCC's Fifth Assessment Report (AR5) for accounting for the NDC, as this reflects New Zealand's acceptance of the most up to date, internationally accepted science, as decided to be applied by the Parties under the Paris Agreement.[1] This marks a change from the NDC submitted upon ratification of the Paris Agreement. The purpose of this change is to bring New Zealand's accounting into line with our reporting for the period 2021 – 2030.

3. Noting that for our first NDC we are not obligated to apply the Paris Agreement accounting rules, however, we will be obligated to use GWP-100 AR5 for the next NDC communication.

4. The change from AR4 GWPs to AR5 GWPs increases projected emissions in the base year (2005) from 783 Mt to 812 Mt, and increases the 2021-2030 projected emissions budget from 600 Mt to 626 Mt. This change increases the abatement task of the NDC from 182 Mt to 186 Mt CO_2eq.

5. Officials have informed the Climate Change Commission of the proposal to use AR5 GWPs, and will be discussing this further with them, with a view to ensuring alignment of assumptions and accounting rules.

Information concerning NDC updates from other countries

6. Based on feedback from MFAT posts, we note that while a few countries have already submitted updated NDCs and most acknowledge the agreed deadline of February / March, a number of countries are choosing to submit their NDCs later than March 2020 but before COP26. S9(2)(g)(i) S9(2)(g)(i) S9(2)(g)(i) S6(a) S6(a) S6(a) Our advice then would be that meeting the deadline and indicating early our proposed further consideration of the NDC would be a good approach.

Ministerial consultation, and timeline for lodgement of Cabinet Paper

[1] Use of IPCC AR5 100 year GWPs is mandatory for reporting under the Paris Agreement (applies to all parties).

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7. We are working to the following timelines:

   a. **20 February 2020:** Submission of Cabinet Paper for Ministerial consultation. This will allow ten working days to receive and incorporate any changes before lodgement

   b. **05 March 2020:** Lodge Cabinet Paper

   c. **12 March 2020:** Discuss Cabinet Paper to the Environment, Energy and Climate (ENV) Committee

   d. **16 March 2020:** Cabinet Paper considered by Cabinet

Public consultation and the Climate Change Commission

8. You have indicated that you will request advice from the Climate Change Commission on New Zealand's NDC in light of the 1.5 degrees temperature goal, and the temperature objective stated in the Zero Carbon Act. The Commission may, as part of this process, consult the public to inform subsequent advice to the Government. Officials' initial view is that public consultation held by the Commission does not relieve the Government of the responsibility to hold its own consultation.

9. If, following advice from the Commission, the Government decides it is appropriate to change New Zealand's NDC, given the significance of the issue, it would be considered best practice to hold a public consultation, which would typically require Cabinet approval.

Targeted stakeholder engagement

10. You agreed in early February 2020, to direct officials to engage with a targeted group of stakeholders about the NDC update, ahead of a submission to the UNFCCC [2020-B-06423].

11. S9(2)(h) [redacted]

12. An engagement plan is being developed to inform targeted stakeholders and iwi / Māori of the NDC update. It will focus on clarifying any misconceptions about the NDC and the process for this update and for potential future reviews. We will share with you the proposed engagement plan.

Recommendations

13. We recommend that you:

   a. **Discuss** the Cabinet Paper and NDC submission with MfE/MFAT Officials during your meeting on 17 February

   b. **Agree** to send the Cabinet Paper and the update of the NDC for Ministerial Consultation by 20 February

Yes/No

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c. **Note** that, to submit the NDC update by March 2020, the Cabinet Paper and NDC submission could be lodged on 05 March

d. **Note** the obligation for countries to submit their updated NDCs to the UNFCCC by February / March 2020, but it is expected that other countries may not submit their NDCs by that time, although most intend to do so before COP26 in Glasgow

Yes/No

e. **Agree** to request the Climate Change Commission to provide advice to the Government on the consistency between the emissions budgets and the NDC to help promote clarity and policy predictability, and on the consistency of the NDC with the temperature goal as outlined in the Zero Carbon Act

Yes/No

Signature

Roger Lincoln
Director
Climate Change Directorate

Hon James Shaw
Minister for Climate Change **Date**

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Annex 1: Draft Cabinet paper and NDC submission

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Restricted

Office of the Minister for Climate Change

Chair, Cabinet Environment, Energy and Climate Committee

Updating New Zealand's Nationally Determined Contribution under the Paris Agreement

Proposal

1. Parties to the Paris Agreement are required to communicate or update their Nationally Determined Contributions (NDCs) by March 2020. In 2016, New Zealand ratified the Paris Agreement and we submitted our NDC which covers a ten year period from 1 January 2021.

2. I am seeking Cabinet's approval of New Zealand's 2020 NDC update to the United Nations Framework Convention on Climate Change (UNFCCC). (Appendix 1).

3. I propose to enhance New Zealand's existing NDC with a narrative highlighting our 2050 target and other domestic action, further technical information to facilitate clarity, transparency and understanding of the NDC, and information on Tokelau's climate contribution. This does not change the headline number of the emissions reduction target component of New Zealand's NDC nor is it intended to confer additional obligations on New Zealand.

Executive summary

4. New Zealand's NDC target under the Paris Agreement is to reduce emissions to 30% below 2005 levels across the period 2021-2030. This is an absolute reduction target managed using an emissions budget approach. This means we will be responsible for reducing emissions through our entire NDC period.[1]

5. Cumulatively, existing NDCs do not represent sufficient ambition to limit warming to 1.5°C and there is a clear need for greater global action on climate change. Parties to the Paris Agreement, including New Zealand, are required to communicate or update their NDCs by March 2020.

6. It is also an opportunity for New Zealand to affirm its full commitment to global action to limit warming to 1.5°C, and communicate our extensive domestic action on climate change.

7. I propose that New Zealand updates its NDC with information on our changed domestic context, particularly the Climate Change Response (Zero Carbon) Amendment Act 2050 target. This 2050 target is compatible with limiting warming to 1.5°C. In addition to a narrative highlighting domestic action, I propose to enhance the NDC with technical information to improve understanding of the challenge it encompasses for New Zealand. I seek Cabinet's agreement to submit the 2020 NDC update (Appendix 1) to the UNFCCC.

[1] This is a "responsibility target", meaning that the target could be met through a combination of domestic emissions reductions, domestic sinks, and purchases of international units.

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8. In 2017, Tokelau asked New Zealand to extend its territorial application of both the UNFCCC and Paris Agreement to Tokelau, which means New Zealand's reporting now includes Tokelau. Officials are working with Tokelau on how to appropriately include Tokelau's climate contribution as part of New Zealand's 2030 NDC update. I seek Cabinet's agreement for delegated authority to the Minister for Climate Change and the Minister of Foreign Affairs to approve the Tokelauan content, once it is available.

9. There is a high likelihood that New Zealand's NDC update may be received negatively by some countries and commentators, as it does not raise the headline level of our emissions reduction target for 2030. This is a risk shared by some other developed countries which plan a similar approach to their updated NDCs, notably Switzerland. Our NDC update seeks to mitigate this risk by highlighting New Zealand's enhanced domestic action, and by improving understanding of the nature and scale of our NDC

10. I had originally planned on revisiting the NDC's ambition in 2019, but deferred due to delays to the Zero Carbon Act which consequently delayed the establishment of the Climate Change Commission. The Commission will provide independent, expert advice, including on New Zealand's climate change targets.

11. Although invited to update in 2020, under the Paris Agreement New Zealand is able to amend our NDC at any stage (we are not limited in opportunities to revise our target, only on the nature of the revision as we need to demonstrate progression and increased ambition overtime). This is set out in Article 4(11) of the Paris Agreement, which states that a Party may at any time adjust its existing nationally determined contribution with a view to enhancing its level of ambition.

12. I plan to request the Climate Change Commission to provide advice to the Government on the consistency between the emissions budgets and the NDC to help promote clarity and policy predictability, and on the consistency of the NDC with the temperature goal outlined in the Zero Carbon Act. Following the Commission's advice, it may be appropriate for the NDC target to be revisited, but this advice will not be available prior to March 2020.

Background

New Zealand is committed to ambitious climate action and the Paris Agreement

13. The Paris Agreement was designed to ensure that all countries, no matter how big or small, contribute to keeping average global temperature increase to well below 2°C above pre-industrial levels, and pursuing efforts to limit the temperature increase to 1.5°C.

14. NDCs represent each country's contribution to these global temperature limits. NDCs are required to show a country's highest level of ambition to reduce global emissions, a progression on previous efforts, and to be more ambitious over time.

15. New Zealand's NDC represents our international contribution to mitigating climate change. It is a waypoint on a long-term journey towards the 2050 target we set under the Zero Carbon Act, which are consistent with 1.5°C. It also sets us on a path aligned with the Paris Agreement's Article 4(1) objective for Parties to aim for carbon neutrality -- balancing emissions and removals -- in the second half of the century.

16. New Zealand's NDC is to reduce emissions to 30% below 2005 levels across the period 2021-2030. New Zealand's projected total emissions for the period 2021-2030 are 812 Mt

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CO2-e, with an expected emissions budget of 626 Mt CO2-e. Accordingly, the estimated abatement or sequestration needed over that ten year period is 186 Mt CO2-e2.[2]

17. New Zealand's NDC is a "responsibility target", meaning that the target could be met through a combination of domestic emissions reductions, emissions removals (e.g. from forestry and other land use), and access to international carbon markets. We do not need to make decisions on how we will meet our NDC at this stage.

18. Appendix 2 contains further detail on New Zealand's NDC.

Enhancing NDCs in 2020

19. As outlined above, Parties to the Paris Agreement are required to communicate or update their NDCs in 2020. There are increasing calls for these updates to "enhance" the ambition of NDCs.

20. Enhancement can be interpreted as increasing the headline numbe of the NDC target aligning the NDC's implementation with long-term goals and/or by providing enhanced information to improve transparency[3] and understanding of NDCs.[4]

The need for increased global ambition

21. The Paris Agreement remains the most important fo um for addressing climate change. It has near universal membership and its annual continue to attract significant public and media interest. With the Paris "rulebook" largely final sed over the past two years, attention is increasingly focusing on the Agreement's implemen ation. Many countries, including New Zealand, have made efforts to implement the Paris Agreement by putting in place comprehensive domestic policies and measures and long-term climate goals.

22. Despite this, 2020 will be an important test for the Par s Agreement as current NDCs do not cumulatively represent sufficient action to limit warming to 1.5°C[4] and there is mounting evidence that urgent action is needed to significantly reduce global emissions before 2030 in order to meet the 1 5 C goals.[6]

23. New Zealand actively works to address the "global ambition gap". The 2018 Talanoa Dialogue sought to influence countries to increase their ambition when updating their NDCs. New Zealand acknowledged the significant gap between current global emissions and the 1.5°C scenario, endorsing the Talanoa Call to Action at COP24. The United Nations Secretary-General's (UNSG) Climate Action Summit 2019 also pushed for increased action and ambition of NDCs. New Zealand played a significant role through co-leading the Nature Based Solutions pillar with China, encouraging countries to "unlock the full potential of nature in climate action."

24. Calls for increased ambition featured last year at COP25 in Madrid[7] and I expect global amb tion and Parties' updated NDCs to be in the spotlight at COP26 in Glasgow in November 2020. The European Union (EU) has announced that it will increase its NDC

[2] The est mated abat ment or sequestration has changed from 182 Mt CO 2-e to 186 Mt CO2-e due to the proposal to use AR5 GWPs rather than AR4 GWPs. This will bring New Zealand's accounting into line with our reporting for the period 2021— 2030.

[3] More speci cally, to improve "clarity, transparency and understanding" as per UNFCCC decision 4/CMA.1.

[4] World Resources Institute (2019). *Enhancing NDCs: A Guide* to *Strengthening National Climate Plans by 2020*

[5] This has been illustrated in a number of reports, including the recent UNEP Emissions Gap Report 2019 which found that countries would need to increase their 2030 climate plans more than fivefold to limit global temperature rise to the 1.5°C goal of the Paris Agreement)

[6] The IPCC Special Report on 1.5°C found that limiting global warming to 1.5°C would require reducing global net human-caused emissions of carbon dioxide to fall by about 45 percent from 2010 levels by 2030, reaching 'net zero' around 2050. This means that any remaining emissions would need to be balanced by removing CO2 from the air.

[7] Global ambition featured in the COP's outcome the *Chile Madrid Time for Action* (Decision 1/CP.25 and 1/CMA.2).

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from a 40% to a 55% reduction from 1990 levels by 2030. Similarly, Norway has recently announced that they will increase their NDC from a 40% to a 50-55% reduction by 2030. S6(b) [redacted]

25. There are signals that others will follow suit, including s 6(a) [redacted]. Some others, like s 6(a) [redacted] do not plan to increase their headline numbers but to enhance their NDCs with additional information to provide a narrative and align NDC implementation with their long-term climate goals.

Analysis

Approach to updating New Zealand's NDC in 2020

26. New Zealand's NDC is short and succinct. Its structure has been modelled on how Parties to the Kyoto Protocol communicated their commitments. However, our existing NDC is not well understood. International commentators frequently report erroneously on the nature and ambition of our NDC, which is often then reported in domestic media coverage.[8]

27. Some Parties to the Paris Agreement have used, or plan to use, their ND-Cs to describe their approach to climate action, beyond an emissions reduction target. I propose that New Zealand enhance its NDC by providing increased information on our climate action, and its contribution towards limiting global temperature rise to 1.5°C.

28. The proposed update of the NDC was guided by the following principles:

- New Zealand's commitment to limiting global temperature rise to 1.5°C (rather than 2°C);
- The NDC should effectively communicate the challenging nature of New Zealand's contribution to the global effort including through our domestic policies and measures;
- The NDC should be enduring in nature and reflect the fact that domestic policies and actions may change or evolve over time, for example in response to the independent Climate Change Commission's advice, or due to technological advancements;
- The NDC should be clearly communicated to ensure understanding of the technical elements of the NDC and how these enhance ambition, for example the implications of taking an absolute emissions budget approach, rather than a single year target;
- The NDC should not prejudge how New Zealand will meet our NDC, but should continue to keep the option of using international carbon markets open for future governments, as a way to supplement domestic action.

Proposed NDC update

29. I seek Cabinet's agreement to the update of New Zealand's NDC contained in Appendix 1. This update reflects the principles outlined above. It highlights some of New Zealand's domestic developments and international contributions that illustrate the ambition of our climate action, and includes technical information to improve understanding of our NDC.

[8] For example, Carbon Action Tracker's report on New Zealand mischaracterises New Zealand's NDC to represent a weaker emissions reduction target than it actually is, and this report is often referenced in domestic media coverage.

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30. The key messages that I propose to communicate in the NDC update are summarised below:

- New Zealand is committed to playing its part and taking action on climate change as part of the global effort through the Paris Agreement and in line with the IPCC Special Report on 1.5°C and the Talanoa Dialogue Call to Action.
- New Zealand has enhanced its NDC with information on our domestic context including the Zero Carbon Act framework, and the 2050 targets.
- The 2050 targets will drive New Zealand's transition to a low emissions, climate resilient future and support New Zealanders to make decisions that will reduce emissions and promote climate resilience. Our NDC is our international contribution to climate change and a waypoint on a long-term journey towards our 2050 target.
- Our domestic mitigation targets address long-lived and short-lived gases appropriately, considering scientific understanding of their different effects. We will take strong action on long-lived gases as these emissions can remain in the atmosphere for centuries, increasing in concentration as long as the gases continue to be emitted and largely determine long-term warming.
- New Zealand's national circumstances directly relate to our emissions profile. New Zealand's population and economy are predicted to continue growing, along with gross emissions. The largest contributors to these emissions are the agriculture (48 percent) and energy (41 percent) sectors. New Zealand has a high proportion of renewable electricity generation (80 to 85 percent).
- New Zealand's NDC target is challenging. New Zealand's NDC under the Paris Agreement is to reduce emissions to 30% below 2005 levels across the period 2021-2030. As the NDC is an absolute reduction target managed using an emissions budget approach, this means New Zealand will be responsible for reducing emissions through the entire NDC period cumulatively. This would make us responsible for reducing emissions by 186 million tonnes, which equates to around a quarter of projected total emissions between now and 2030.[9]
- New Zealand's NDC is a "responsibility target", meaning that the target could be met through a combination of domestic emissions reductions, emissions removals, and access to international carbon markets.
- We have put in place the policies we need with a comprehensive package of domestic policies that cover all parts of our emissions profile and which are supported by legislation and processes to reduce emissions and guide our transition, such as the independent Climate Change Commission, Climate Implications of Policy Assessment requirements and a strengthened New Zealand Emissions Trading Scheme (NZ ETS).

31. New Zealand has decided to use Global Warming Potentials (GWPs) from the IPCC's Fifth Assessment Report (AR5) for accounting for the NDC. This reflects New Zealand's acceptance of the most up to date, internationally recognised science. The purpose of this change is to bring New Zealand's accounting into line with our reporting for the period 2021-2030.

32. This marks a change from the NDC submitted upon ratification of the Paris Agreement. This change from AR4 GWPs to AR5 GWPs will increase projected emissions in the base year (2005) from 783 Mt to 812 Mt, and will increase the 2021-2030 projected

[9] Based on projections in New Zealand's 4th Biennial Report, 2019.

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emissions budget from 600 Mt to 626 Mt. Accordingly, the abatement task of the NDC will change from 182 Mt to 186 Mt CO2eq.

33. The additional technical information is provided in line with specific and detailed guidance on what to include in NDCs which was agreed at COP24 in 2018.[10] This guidance is a requirement for second and subsequent NDCs. By applying it to our first NDC update in a deliberate way New Zealand will be signalling our commitment to the effective implementation of the Paris Agreement, and demonstrating leadership.

Including Tokelau in New Zealand's NDC

34. Officials have also consulted the Government of Tokelau, to ensure that Tokelau's climate contribution is appropriately included in New Zealand's 2021-2030 NDC update. This reflects that New Zealand's application of the Paris Agreement was extended to Tokelau in 2017 and that Tokelau is now included in New Zealand's international greenhouse gas reporting.

35. Tokelau has indicated that it wishes to be included in our NDC update. The Ministry of Foreign Affairs and Trade (MFAT) is working with Tokelauan officials to ensure Tokelau is appropriately included. However, Tokelau has advised that it requires additional time to prepare its material. Therefore, I propose that Cabinet delegate authority to the Ministers of Climate Change and Foreign Affairs to approve Tokelauan content, once it is available.

Timing considerations

36. S9(2)(h) [redacted]

37. I may need to exercise some flexibility over the timing in order to include Tokelau's climate contribution and to coordinate with the timing of countries which are taking a similar approach to New Zealand.

Revisiting the NDC's ambition in future

38. Under the Paris Agreement, Parties are invited to communicate an NDC every five years. All Parties to the Paris Agreement, under article 4.11, are able to review and resubmit their NDC at any stage and NDCs are expected to be progressive (i.e. represent an increase in ambition over time).

39. Any decision on changing the NDC should take into account the Climate Change Commission's advice on emissions budgets, and this was not possible for this first NDC update.

40. I plan to request the Climate Change Commission to provide advice to the Government on the consistency between the emissions budgets and the NDC to help promote clarity and policy predictability, and on the consistency of the NDC with the temperature goal outlined in the Zero Carbon Act. It may be appropriate for the NDC target to be revisited following the Commission's advice.

41. New Zealand's second NDC is due to be submitted in 2025, and to cover the period 2031-2035. Our second NDC will be informed by the Commission's advice.

[10] Through Katowice Decision 4/CMA.1 UNFCCC Parties agreed specific and detailed guidance on the information to be provided in NDCs and strongly encouraged Parties to provide this information in relation to their first NDCs, including those communicated or updated by 2020

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Consultation

42. This paper was prepared by the Ministry for the Environment, with input from the Ministry of Foreign Affairs and Trade.

43. The Treasury, the Ministry for Primary Industries, Te Puni Kokiri, Te Arawhiti, the Department of the Prime Minister and Cabinet and the Ministry of Business, Innovation and Employment were consulted in its preparation. Where feedback was received it is reflected in this paper.

44. Officials are investigating whether to adopt a land-based (similar to reporting of all land-uses in the Land-Use, Land-Use Change and Forestry sector) or an activity based approach (similar to accounting under the Kyoto Protocol) to accounting under the Paris Agreement. The decision on the approach taken will be part of He Waka Eke Noa's investigation into the recognition of on-farm sequestration. Officials will provide an initial assessment within the report back to Cabinet in April 2020 on potential options for domestic incentives. Ministers will report back in 2022 on how and what type of removals could be recognised, as part of developing a farm level pricing scheme. Extending coverage to account for non-forest vegetation also aligns with the Paris Agreement principles of increased inclusion of emissions and the approaches taken within most other developed countries' NDCs.

45. In 2015, the government went through a comprehensive process to formulate the NDC. This included stakeholder and Māori consultation, economic modelling of the impact of the NDC on our economy and households, and the cost of our effort. There was also consideration of factors such as national circumstances, historical responsibility for climate change, carbon dioxide emissions per capita versus all-greenhouse gas emissions per capita, and national GDP.

46. In 2018, the Government released the *Our Climate Your Say: Consultation on the* Zero Carbon *Bill* which received more than 15,000 submissions on New Zealand's 2050 target and the Zero Carbon Bill. In 2019, the Environment Select Committee had nearly 11,000 written and oral submissions on the Zero Carbon Bill. The Committee heard from parents, students, scientists, farmers academics, health professionals, activists, iwi, local government and businesses

47. I believe that I have consulted extensively on the framework for delivering New Zealand's climate action out to 2050, which culminated in the Zero Carbon Act's near unanimous adoption late last year. I view the NDC as a component of this wider climate policy framework, and a waypoint on our transition to a low emissions, climate resilient Aotearoa. My proposal is therefore to enhance the NDC with information reflecting the matters covered by the Zero Carbon Bill consultation without undertaking further comprehensive consultation.

48. However, I recognise that there are stakeholders with strong interest in New Zealand's climate ambition, including the NDC, and this is also an issue highly relevant to Māori. I have directed officials to undertake targeted engagement ahead of the NDC's submission to explain our approach to enhancing our NDC and share the narrative outlined above with key stakeholders and iwi/Māori.

49. s 9(2)(h) [redacted]

Financial Implications

50. There are no financial implications from the proposals in this paper.

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Legislative implications

51. There are no legislative implications from this paper.

Regulatory impact analysis

52. The RIA requirements do not apply as there are no regulatory implications from this paper.

Climate implications of policy assessment

53. CIPA will apply, analysis has yet to be done or quality assured. This analysis will be complete for the version of the paper that is circulated for ministerial consultation.

Gender implications

54. There are no gender implications arising from this paper.

Disability perspective

55. There are no disability implications arising from this paper.

Treaty of Waitangi

56. S9(2)(g)(i) [redacted]

57. I understand the issue of climate change and its effects is highly relevant to Māori. In our domestic setting this is being addressed, inter alia, through the Zero Carbon Act and the development of New Zealand's first climate change risk assessment.

58. MfE is working with Māori to co-design a process that seeks to ensure climate-related policy, and mitigation and adaptation strategies, adequately support climate resilience and the particular needs of Māori in local communities throughout Aotearoa New Zealand. An Interim Establishment Committee is now being formed to engage widely and inclusively with iwi/Māori on the proposed process, and to oversee its establishment phase.

Publicity

59. I plan a media release to highlight New Zealand's submission of the 2021-2030 NDC update to the UNFCCC Secretariat. There is likely to be scrutiny from international and domestic climate change commentators and media on updated NDCs, some of which have erroneously reported on our NDC in the past.

Proactive Release

60. I propose to proactively release this paper on the Ministry for the Environment's website in whole, subject to redactions as appropriate equivalent to those under the Official Information Act 1982, once public announcements have been made.

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Recommendations

The Minister for Climate Change recommends that the Committee:

1. **Note** the need for enhanced global action on climate change to limit warming to no more than 1.5°C above pre-industrial levels;
2. **Note** that New Zealand's NDC is to reduce emissions to 30% below 2005 levels across the period 2021-2030, managed using an emissions budget approach;
3. **Note** that officials propose using Global Warming Potentials (GWPs) from the IPCC's Fifth Assessment Report (AR5) for accounting for New Zealand's NDC;
4. **Note** that New Zealand is invited to provide an updated NDC to the UNFCCC Secre ariat;
5. **Note** that the updated NDC in Appendix 1 enhances New Zealand's NDC with a narrative highlighting our 2050 target and other domestic action, as well as further technical information to enhance clarity, transparency and understanding of our NDC, and hat it does not change the headline number of New Zealand's NDC nor is it intended to confer additional obligations on New Zealand.
6. **Agree** to submit an update to New Zealand's 2021-2030 NDC as conta ned in Appendix 1 to the Secretariat of the United Nations Framework Convention on Climate Change;
7. **Note** that in 2017 New Zealand's application of the Paris Agreement was extended tom include Tokelau and that Tokelau has indicated they would like to include their climate contribution as part of New Zealand's NDC update, but that their contribution requires more time to collate;
8. **Authorise** the Ministers of Climate Change and Foreign Affairs to approve the Tokelauan content once available for inclusion in New Zealand's update;
9. **Note** that the Minister for Climate Change has requested the Climate Change Commission to provide adv ce to the Government on the consistency between the emissions budgets and the NDC to help promote clarity and policy predictability, and on the consistency of the NDC with the temperature goal outlined in the Zero Carbon Act;
10. **Request** the Min ster for Climate Change to return to Cabinet following receipt of the Climate Change Commission's advice on the NDC.
11. **Note** that officials will begin targeted stakeholder engagement on the NDC, prior to the submission to the UNFCCC.

Authorised for lodgement.

Hon James Shaw

Minister for Climate Change

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Appendix 1: New Zealand's enhanced 2021-2030 NDC

NEW ZEALAND

Submission under the Paris Agreement
New Zealand's Nationally Determined Contribution
DD MM 2020

New Zealand hereby communicates our Nationally Determined Cont ibution (NDC) under the Paris Agreement for the period 2021 to 2030.

New Zealand commits to reduce greenhouse gas emissions to 30 percent below 2005 levels by 2030, managed using a multi-year emissions budget.

We have enhanced New Zealand's NDC with contextual information about our long-term domestic climate change action aiming to limit global temperature increases to no more than 1.5°C above pre-industrial levels (rather than 2°C).

Our NDC is additionally enhanced with further information to facilitate clarity, transparency and understanding of New Zealand's NDC (decision 4/CMA.1 refers).

New Zealand intends to communicate our adaptation efforts under the Paris Agreement in alternative documents to the NDC (decision 9/CMA.1 refers)

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Contextual information accompanying New Zealand's NDC

New Zealand is committed to taking decisive action on climate change, with our first NDC constituting our international contribution to reduce emissions in the near-term. Our NDC target is a multi-year emissions budget to reduce emissions by 30 percent below 2005 levels by 2030. We will account for all emissions in the years between 2021 and 2030, not only in the target year (2030). It is the total amount emitted altogether that matters most for addressing climate change. With gross emissions under current settings estimated to be 812 million tonnes of carbon dioxide-equivalent over the NDC period, we are likely to have an emissions budget of 626 million tonnes. This would make us responsible for reducing emissions by 186 million tonnes, which equates to approximately a quarter of our projected total emissions between now and 2030.

Our 2021-2030 NDC is the third emissions reduction target New Zealand has taken internationally. We previously set and met our target for 2008-2012 under the Kyoto Protocol, and are on track to meet our target for 2013-2020 under the United Nations Framework Convention on Climate Change.[11] Each of New Zealand's international targets have exceeded the last, and our first NDC target again represents progression beyond our 2013-2020 target.

New Zealand plans to achieve our 2021-2030 NDC target prioritising domestic emissions reductions across all sectors and greenhouse gases and increasing carbon dioxide removals through forestry. We may supplement our efforts by using international carbon markets with environmental integrity. Cooperating with other countries will enable us to contribute to greater global emissions reductions.

New Zealand's national circumstances include trends of continuing growth of our population and economy, S9(2)(g)(i) The largest contributors to these emissions are our agriculture (48 percent) and energy (41 percent) sectors. Given our existing high proportion of renewable electricity generation (80 to 85 percent), this means New Zealand has a challenging task ahead We are mindful, however, that a successful transition to a low emissions, climate resilient future will require us to overcome these challenges and to capitalise on the opportunities instead.

New Zealand is focussed on the Paris Agreement goal of pursuing efforts to limit global temperature increase to 1.5°C above pre-industrial levels. The benefits of staying within 1.5°C, and making far-reaching and rapid transformations, are clearly outlined in the Intergovernmental Panel on Climate Change *Special Report on global warming of 1.5°C* and reiterated in the Talanoa *Call to Action.* New Zealand has taken on board these findings in the development of its domestic policy planning; we are placing the objective of 1.5°C at the heart of our response

Our Climate Change Response (Zero Carbon) Amendment Act 2019 legislates a 2050 emissions reduction target consistent with the 1.5°Celcius threshold, and our 2030 NDC is a waypoint on a journey toward this long-term goal. In keeping with the science, New Zealand is emphasising reductions in the long-lived gases that largely determine long-term warming of the climate. Our 2050 target is therefore set to reduce: emissions of biogenic methane to 24-47 percent below 2017 levels by 2050, and net emissions of all other greenhouse gases to zero by 2050. It also includes an interim step to reduce biogenic methane emissions to at least 10 percent below 2017 levels by 2030. New Zealand correspondingly will need to contribute a significant reduction in long-lived gases estimated at around s 9(2)(g)(i) after projecting for forestry removals over the period 2021 to 2030.

[11] New Zealand's 2008-2012 target was to reduce emissions to 1990 levels on average over the Kyoto Protocol First Commitment Period; New Zealand's 2013-2020 target is to reduce emissions by 5 percent below 1990 levels by 2020.

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Our 2050 target sits alongside a broader framework that will enable New Zealand to develop clear and stable climate change policies over time. In addition to the 2050 target, the Zero Carbon Act framework: establishes a system of successive emissions budgets and plans to act as stepping stones toward our 2050 target; establishes a Climate Change Commission to provide independent advice to the Government and monitor our progress toward long-term climate goals, and institutes adaptation measures. The framework aligns New Zealand's transition to the objectives of the Paris Agreement, including balancing emissions and removals in the second half of the century, and supports our commitments to the Carbon Neutrality Coalition. The framework also provides oppo tunities to reflect on our ambition, with our Climate Change Commission able to advise on any necessary enhancements.

In addition to this overarching framework, New Zealand has put in place a suite of domestic policies to achieve our climate change targets that cover all sources of our emissions. These policies are designed to reduce emissions in an enduring and comprehensive way, although may need adjusting over time as new technologies become available, our national circumstances evolve, other policies are developed, and we receive expert advice from our Climate Change Commission. Some of ur key policies at this time include, among many others:

- strengthening our primary tool to reduce emissions, the New Zealand Emissions Trading Scheme, to align its purpose with our Zero Carbon Act framework and the Paris Agreement, and limiting global warming to 1.5°Celcius.
- pricing our agricultural emissions from 2025 onwards.
- requiring government agencies to disclose he greenhouse ga emissions impacts of policies through Climate Implications of Policy Assessments.
- increasing afforestation, as a Nature Based Solution, by improving the NZ ETS afforestation incentive, and encouraging planting the right trees in the right place for the right purpose through the One Billion Trees (by 2028) p ogramme.
- accelerating investment in low emissions solutions through the NZ$100m Green Investment Finance Limited and devel ping a mandatory regime for the disclosure of climate-related financial risks and opportunities.

Beyond our 2021-2030 NDC arget we will continue working with other countries to galvanise and facilitate grea er ambition through collaborative initiatives. This includes advocating for ambitious and effective disciplines on inefficient fossil fuel subsidies, employing trade policies, practices and rules to achieve the goals of the Paris Agreement (such as the Agreement on Climate Change, Trade and Sustainability), and committing resources to undertake research and develop technologies for growing more food without growing greenhouse gas emissions (such as the Global Research Alliance on Agricultural Greenhouse Gases)

New Zealand extended its ratification of the UNFCCC and the Paris Agreement to include Tokelau as of 13 Novemb r 2017, and **we welcome Tokelau's contribution to addressing climate change.** Tokelau is particularly vulnerable to climate change, and as a small set of atolls, committed to tackling climate change. Tokelau was included in New Zealand's gr enhouse gas repo ting in 2017, setting a positive example of transparency of its emissions and comm tments. Tokelau's contribution represents further action still.

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Information to facilitate clarity, transparency and understanding of New Zealand's NDC

Quantifiable Information on the reference point and a base year	
Sub-element:	Information:
Reference year(s), base year(s), reference periods) or other starting point(s):	Base year: 2005
Quantifiable information on the reference indicators; their values in the reference year(s), base year(s), reference period(s) or other starting point(s), and, as applicable, in the target year:	Total emissions in base year (2005): provisional estimate 86.584 (Mt CO2-e)[12] [13]
Information on sources of, data used in quantifying the reference point(s):	Base year emissions will be taken from the most recently reviewed national inventory report at the time that New Zealand submits its first biennial transparency report under the Paris Agreement. GWP 100 from the I PCC 5th Assessment Report
Information on the circumstances under which the Party may update the values of the reference indicators:	The most up to date estimate of base year emissions will be used when New Zealand submits its first biennial transparency report under the Paris Agreement. Until then the base ear emissions estimate remains provisional
Timeframes and/or periods for implementation	
Sub-element:	Information:
Timeframe for implementation, including start and end date:	Period covered by NDC: 2021 to 2030.
Whether it is a single-year or multi-year target	Multi-year target, managed using an emissions budget approach to account for emissions in all the years for the period 2021 to 2030. Projected total emissions for the period 2021-2030: 812 Mt CO2-e Expected emissions budget for the period 2021-2030: 626 Mt CO2-e Estimated abatement or sequestration needed (i.e. the difference between total emissions and the emissions budget for the period 2021 to 2030): 186 Mt CO2-e *Note: figures are based on New Zealand's Greenhouse Gas Inventory, published in April 2019, these are provisional until confirmed during the NDC period, and the emissions projections contained in New Zealand's Fourth Biennial Report, published in December 2019.
Scope and coverage	

[12] IPCC 5th Assessment Report

[13] Note that this figure excludes all climate feedbacks. Total emissions in base year (2005) including climate feedbacks: 96.295 (Mt CO2-e)

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Sub-element:	Information:
General description of the target	The 2021-2030 NDC target is a responsibility target.
Sectors, gases, categories and pools covered by the nationally determined contribution, including, as applicable, consistent with Intergovernmental Panel on Climate Change (IPCC) guidelines:	The 2021-2030 NDC target is economy-wide covering all sectors: energy, industrial processes and product use, agriculture, land use, land-use change and forestry, waste, and all greenhouse gases: CO_2, CH_4, SF_6, HFCs, PFCs, N_2O, NF_3
Element: Planning processes	
Sub-element:	Information:
Information on the planning processes that the Party undertook to prepare its nationally determined contribution:	In preparing its 2021-2030 Intended Nationally Determined Contribution (INDC), the New Zealand Government undertook a comprehensive process that included: carrying out analysis about how options for New Zealand's contribution would compare to global efforts to reduce emissions, taking into account factors such as the cost of effort, national circumstances, historical responsibility for climate change, and national GDP; modelling the impact of different NDC target options on New Zealand's economy and households. This work is published on the Ministry for the Environment's website (*A general equilibrium analysis of options for New Zealand's post-2020 climate change contribution*, and *Modelling the economic impact of New Zealand's post-2020 climate change contribution*); and, conducting public consultation through publication of a discussion document available on the Ministry for the Environment's website (New Zealand's Climate Change target), public meetings, hui (meetings), and inviting the public to make submissions on target options and the NDC. New Zealand ratified the Paris Agreement in October 2016, and submitted a 2021-2030 NDC. The submitted NDC underwent a substantial public consultation process, with 15 public meetings and hui held. Additionally, 17,023 written submissions were received from 15,639 submitters. This NDC built on, and reflected a streamlined version of our initial INDC. This submission process made the NDC accessible to the public. However, the NDC was misinterpreted on occasion. This update of the 2021-2030 NDC therefore enhances the information provided in an effort to improve understanding. The 2021-2030 NDC is one part of New Zealand's wider policy response to climate change. New Zealand's Climate Change Response (Zero Carbon) Amendment Act (passed into law in late 2019) provides a framework to transition New Zealand to a low-emissions, climate-resilient economy. The Government received over 15,000 submissions on the proposals for this Act, and 10,000 submissions as the legislation was being shaped. The Zero Carbon Act set up the Climate Change Commission, an expert-group that provides independent advice to the Government.

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	The Zero Carbon Act provides for the Climate Change Commission to review New Zealand's 2050 emissions reduction target, and when directed, the ability to consider the ambition of our NDCs. The Climate Change Commission was established on the 1st December 2019.
Party's implementation plans, including, as appropriate, domestic institutional arrangements:	New Zealand has implemented, or is planning, a number of policies and institutional arrangements (including legislation and regulations thereunder) to meet its domestic and international climate goals, including its NDC: The Zero Carbon Act provides an enduring framework by which New Zealand can develop and implement clear and stable climate change policies. It achieves this purpose by enshrining in legislation four elements: 1. An emissions reduction target for 2050 [4], consistent with the 1.5 degree goal. 2. A system of emissions budgets and emission reduction plans to act as stepping stons to the 2050 target and provide a framework for planning. 3. A Climate Change Commission to provide independent advice and monitor progress. 4. Adaptation measures to assess and address the risks from a changing climate. The Climate Change Response (Emissions Trading Reform) Amendment Bill has been introduced to reform the New Zealand Emissions Trading Scheme as our primary policy tool to reduce emissions and ensure our commitments under the Paris Agreement are met. A new framework, the Climate Implications of Policy Assessmen , was established in 2019 to enable central government agencies to undertake and report a greenhouse gas emissions analysis for all new policy proposals that meet certain qualifying criteria. This allows New Zealand to measure, monitor and report on government interventions that will impact New Zealand's greenhouse gas emissions. The Government is committed to ensuring a just transition towards a low-emissions and climate resilient economy. Further, New Zealand has a package of domestic policies, including sustainable finance New Zealand provides leadership in research, innovation and technical solutions to reduce emissions from agriculture. An example of this is the New Zealand

[14] The emissions reduction target for 2050 is net zero global greenhouse gas (GHG) emissions by 2050, excluding biogenic methane, and a 24-47% reduction of biogenic methane by 2050 compared to 2017 levels.

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	Agricultural Greenhouse Gas Research Centre. The purpose of the Centre is to deliver knowledge, technologies and practices to enable New Zealand to enhance agricultural productivity in an emissions constrained world. In 2016, New Zealand adopted the Kigali Amendment to the Montreal Protocol on Substances that Deplete the Ozone Layer. New Zealand has completed the domestic processes required to meet the Amendment's obligations, which entered into force on 1 January 2020. As technologies become available and national circumstances evolve, New Zealand may realign the aforementioned policies and/or introduce new po icies to reduce emissions. Further information about these policies and institutional arrangements is available online, noting the New Zealand Ministry for the Environment, Ministry of Foreign Affairs and Trade, and Ministry for Primary Industries' websites in particular. Details are also included, o anticipated for inclusion, in New Zealand's National Communications and Biennial Reports under the UNFCCC, and future Biennial Transparency Reports under the Paris Agre ment.
Party's implementation plans, including publics participation and engagement with local communities and indigenous peoples, in a gender-responsive manner:	New Zealand is f und d on a pa tnership between the Crown and indigenous New Zealanders Māori, through the Treaty of Waitangi. Te Puni Koki i is the Mi istry for Māori Development. It advises on policy affecting Māori wellbeing and development Further, Te Arawhiti is the Ministry of Māori-Crown relations and provides guidance and support relationships with Māori The passing of the Zero Carbon Act, and the statutory provisions set up around the emissions re uction plans, resulted in requirements to develop str tegi s to recognise and mitigate impacts on Māori. This programme can only be achieved through engagement with Māori. • The Ministry for the Environment is working with Māori to establish an engagement process (Ihirangi) to ensure that Māori perspectives are included in policy development, as well as recognising the impacts that specifically affect Māori (i.e. co-design approach). The establishment of this process (involving a core Māori group and regional linkages) aligns with the intent of the Government's Engagement Framework and Partnership Guidelines. o A number of ways exist to engage with Māori on their perspectives of the risks and opportunities presented by climate change and specific policies in response. More recently, the Government has developed the Maori-Crown Engagement Framework and Partnership Guidelines to ensure Maori have full

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	involvement in all phases of policy design, implementation, and evaluation to support agencies to develop true partnerships with Māori. • Māori-focused research aligned with integrated farm systems, which seeks to assist the Māori pastoral sector to increase resource efficiency and farm productivity while lowering greenhouse gas emissions. s 9(2)(g)(i) As earlier referenced, the New Zealand Government holds extensive public consultations on policy proposals, including public meetings and hui.
Contextual matters, including, inter alia, as appropriate, national circumstances, such as geography, climate, economy, sustainable development and poverty eradication:	New Zealand became a Party to the Paris Agreement because we are committed to contributing to collective global action on climate change. We need all countries to contribute, and need to be able to hold all countries to account. We actively support the Paris Agreement not only to help protect New Zealand's economic, social, cultural and environmental interests but also to encourage others to take action on climate change. New Zealand is a long, narrow and mountainous country with two main islands, and a number of smaller outlying islands. New Zealand is expected to see a 50 percent growth in population between 1990 and 2030. This growth is significant, with relatively low population density. We have an open, trade-reliant economy founded in the agricultural and land sectors. New Zealand is, however, geographically distant from international markets and trading partners, being located in the South Pacific. New Zealand has an export-dependent economy, with a significant reliance on the agriculture sector. Some 85 per cent of New Zealand's total food production goes to the international market. New Zealand's geography and population distribution have contributed to a dependence on fossil fuel-powered transport. Because of this, and New Zealand's primary sector exports base, emissions are dominated by the agriculture and energy sectors, which together comprise approximately 88 per cent of gross emissions. New Zealand has seen strong economic growth since 1990. New Zealand has high levels of renewable energy use and a long history of renewable energy development. Approximately 80 per cent New Zealand's electricity

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	generation uses renewable resources — primarily hydro-generation. Continued development of geothermal and wind generation has seen the amount of electricity generated from these sources more than triple over the last two decades. Considering the high levels of existing renewable electricity generation, there is less gross emissions reduction potential from the energy sector than in other jurisdictions. This presents a challenge to abatement options. Despite this, New Zealand is looking to make further gains in this area. The Government has an aspirational goal of 100 per cent renewable electricity by 2035, with five-yearly assessments to ensure that security of supply and affordability of electricity are well-maintained. [The Government is also currently consulting on policy options to encourage energy efficiency and the uptake of renewable fuels in industry, and on accelerating renewable electricity generation and infrastructure.] New Zealand is in the process of decoupling emissions from economic growth, although emissions continue to grow off the back of strong economic and population growth. The policies and measures we are putting in place now will make an impact towards reducing our emissions over the period 2021 to 2030 (as projected in New Zealand's Fourth Biennial Report).
Contextual matters, including, inter alia, as appropriate, other contextual aspirations and priorities acknowledged when joining the Paris Agreement:	New Zealand became a Party to the Paris Agreement because doing so would contribute to collective global action on climate change, help protect New Zealand's economic, social, cultural and environmental interests, encourage others to take action on climate change, and maintain our positive international reputation and our ability to influence international climate change processes. New Zealand is committed to an effective international system that addresses climate change, has environmental and scientific integrity, is multilateral and rules-based (i.e. we need all countries to contribute, and need to be able to hold all countries to account). By participating we want to ensure that the Agreement will be practical and based on continuous improvement, also that it recognises and protects the rights and interests of indigenous peoples. Through these we encourage and support action in areas where we are well positioned to accelerate the collective effort.
Element: Assumptions and methodological approaches, including those for estimating and accounting for anthropogenic greenhouse gas emissions and, as appropriate, removals	
Sub-element:	Information:
Assumptions and methodological approaches used for accounting for anthropogenic greenhouse gas emissions and removals corresponding to the Party's	The NDC applies 100 year Global Warming Potentials (GWPs) from the IPCC 5th Assessment Report, and methodologies from the IPCC 2006 Greenhouse Gas Inventory Guidelines and the 2013 IPCC Kyoto Protocol Supplement.

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NDC, consistent with decision 1/CP.21, paragraph 31, and accounting guidance adopted by the CMA:	New Zealand's accounting for Land use, land-use change and forestry (LULUCF) will be based on a combination of the 2006 IPCC Guidelines and the 2013 IPCC Kyoto Protocol Supplement, and is detailed below. It will be done in accordance with methodologies and common metrics assessed by the IPCC and in accordance with decision 18/CMA.1. Any information on own methodology used, will be consistent with Article 4, paragraph 6, of the Paris Agreement. Forests established after the base year (1990) will be accounted for up until they reach their long-term average carbon stock. After this point is reached, the forest will be accounted for under a business-as-usual reference level (e.g. similar to Forest management under the Kyoto Protocol). The approach will take into account all carbon pools (e.g. alive and dead biomass, harvested wood products (HWP) and soil). New Zealand will continue to account for all deforestation emissions, as per the Kyoto Protocol Forests established before the base year will continue to be accounted for under a business-as-usual reference level, as per the Kyoto Protocol. This approach is used to address the dynamic effects of age structure resulting from historical activities and practices and the ongoing cycles of forest harvest and regrowth that occur as part of normal, sustainable forest management. Accounting provisions to address natural disturbance, land-use flexibility legacy effects, non-anthropogenic effects and additionally since the base year will also continue to apply, building on existing guidance. HWP accounting will be based on the production approach. New Zealand's approach recognises that accounting methodologies need to focus on anthropogenic effects and create incentives for mitigation that promote sustainable land management. New Zealand shows consistency with greenhouse gas inventories, pursuant to Article 13, paragraph 7(a), of the Paris Agreement.
Assumptions and methodological approaches used for accounting for the implementation of policies and measures or strategies in the NDC	Assumptions and methodological approaches include: population and GDP assumed to increase over time and effective carbon price assumption. Currently implemented and adopted policies and measures: the difference between with measures (WEM) and without measures (WOM) scenarios. Additional policies and measures effect: the difference between WEM and with additional measures (WAM) scenarios emissions and removals.

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If applicable, information on how the Party will take into account existing methods and guidance under the Convention to account for anthropogenic emissions and removals, in accordance with Article 4, paragraph 14, of the Paris Agreement, as appropriate (i.e. how we promote environmental integrity, TACCC, and ensure avoidance of double counting):	New Zealand's national system is designed specifically for the avoidance of double counting. We have developed a national monitoring system for land use, land-use change and forestry that utilises wall-to-wall mapping and periodic forest monitoring. The wall-to-wall mapping approach ensures emissions and removals from land-use and forests are identified and counted only once. There is regular information sharing between the national system and the NZ ETS to ensure all forests are identified and correctly classified. New Zealand has a national Emissions Trading Register which manages the accounting, reporting and reconciliation of emissions and unit holdings and transactions as part of the NZ ETS. Further, New Zealand has a voluntary emissions offsetting work programme that provides guidance on how to avoid double counting when organisations use NZ ETS units for voluntary emissions offsetting. Environmental integrity is ensured in the greenhouse gas inventory, forestry and in the NZ ETS. Internal quality assurance processes ensure environmental integrity in the inventory. The quality assurance and quality control plans are reviewed annually. The quality assurance and quality control processes have a significant role in the preparation of the inventory to ensure the core principles of transparency, accuracy completeness comparability and consistency (TACCC) are achieved. More information can be found in New Zealand's Seventh National Communication New Zealand's commitment to integrity is also evident in international negotiations where New Zealand is a leader in discussions regarding the avoidance of double counting in international markets.
IPCC methodologies and metrics used for estimating anthropogenic greenhouse as emissions and removals:	See assumptions and methodological approaches used for accounting for anthropogenic greenhouse gas emissions and removals, above.
Sector-, category- or activity-specific assumptions methodologies and approaches consistent with IPCC guidance, as appropriate including, as applicable: (i) Approach to addressing emissions and subsequent removals from natural disturbances on managed lands; (ii) Approach used to account for emissions and removals from harvested wood products; (iii) Approach used to	New Zealand's assumed accounting for LULUCF sector will be based on a combination of the 2006 IPCC Guidelines and the 2013 IPCC Kyoto Protocol Supplement, providing for Kyoto Protocol accounting approaches to be applied to the greenhouse gas inventory land-based categories. New Zealand's existing activity start year of 1990 will continue to apply, ensuring continuity of action with previous commitments. New Zealand's LULUCF approach assumes accounting will be either land or activity based, and will apply existing IPCC methodologies to distinguish areas subject to direct human-induced change from those under pre-existing management, as follows: a. Forests established from the activity start year will continue to be accounted for as they would under the Kyoto Protocol, but once they attain their long-term average

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address the effects of age-class structure in forests:	carbon stock, taking into account all carbon pools and activities, the forest will transfer to the `forest management/forest remaining' forest category, where it will be accounted for under a business-as-usual reference level. New Zealand will continue to account for all deforestation emissions. b. Forests established before the activity start year will continue to be accounted for under a business-as-usual reference level, as per the Kyoto Protocol, to address the dynamic effects of age structure resulting from activities and practices before the reference year, and the ongoing cycles of forest harvest and regrowth that occur as part of normal, sustainable forest management. c. Accounting provisions to address natural disturbance, land-use flexibility, legacy effects, non-anthropogenic effects and additionally since the activity start year will also continue to apply, building on existing guidance. HWP accounting will be based on the production approach. New Zealand's LULUCF use approach builds on experience with accounting under the Kyoto Protocol to recognise and focus on additional action. This approach will create incentives for the establishment of new forests, recognise permanent, long-term enhancements of carbon sinks resulting from new management, and take responsibility for deforestation, while accommodating the long-term cycles in net emissions and removals that arise from sustainable forest management.
The intention to use voluntary cooperation under Article 6 of the Paris Agreement if applicable:	In meeting its 2021-2030 NDC, New Zealand intends to use international market mechanisms, cooperative approaches and carbon markets that have environmental integrity, including through guarding against double-claiming and/or double-counting, by ensuring transparency in accounting and governance, and by ensuring environmental integrity of emissions reductions generated or purchased.
Element: How the Party considers that its NDC is fair and ambitious in the light of its national circumstances	
Sub-element:	Information:
How the Party considers that its NDC contribution is fair and ambitious in the light of its national circumstances:	New Zealand is responsible for low levels of emissions now and historically (0.17 percent of global gross emissions in 2017). Countries which each individually contribute one per cent or less of global emissions account for nearly a quarter of total emissions. Therefore, New Zealand's efforts matter. The likely cost to the New Zealand economy of meeting this NDC budget in terms of GDP is high relative to many other parties. This is due to a number of factors, such as the existing high level of renewable electricity generation, and the make-up of our emissions profile, where almost half of our total emissions originate from agriculture. New Zealand's 2050 target places an emphasis on long-lived gases. The target is to reduce global greenhouse gas

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	(GHG) emissions to net zero by 2050 (excluding biogenic methane for which the target is 24-47%). The outcome we seek for the `form' or `type' of contribution we deliver is an NDC that provides a fair, comparable and transparent representation of New Zealand's effort on climate change. Different forms of contribution will better facilitate the accurate measurement of reductions to track progress towards a country's global goal than others, or more clearly (or fairly) represent a country's "effort" (depending on their national circumstance).
Fairness considerations; including reflecting on equity	A basket of indicators can give an idea of countries' efforts, and New Zealand looked at factors such as: national circumstances, including evolving circumstances such as population growth rates, the size of the forestry sector, the size of the agriculture sector, and access to natural resources; cost of effort (sharing), including to the economy; resource sharing, such as sharing greenhouse gas emissions, including carbon dioxide versus methane per capita; historical responsibility for climate change; income and capacity, such as the ability to afford to mitigate more emissions than others; abatement required to meet NDC headline target, and the gap between the business-as-usual emissions curve and emissions curve needed to meet the NDC target.
How the Party addressed Article 4, paragraph 3, of the Paris Agreement (i.e. how NDC target represents progression and highest possible ambition):	New Zealand's NDC target represents a progression beyond New Zealand's current 2020 target in terms of headline number, cost and emissions impact, reduction from business-as-usual emissions, improvement in emissions efficiency of the New Zealand economy and a stronger focus on domestic emissions reductions.
How the Party has addressed Article 4, paragraph 6, of the Paris Agreement (i.e. LD and small island developing states may prepare and communicate strategies, plans and actions for low greenhouse gas emissions development reflecting their special circumstances:	N/A — noting Tokelau's preference to append an NDC to New Zealand's.
Element: How the NDC contributes towards achieving the objective of the, Convention as set out in its Article 2	
Sub-element:	Information:
Article 2 of the Convention (i.e. stabilisation of greenhouse gas concentrations in then atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system):	New Zealand welcomed the IPCC's Special Report on global warming of 1.5°C, and the urgency of climate action that we have a duty to respond to. New Zealand's target choice should primarily be guided by the best available scientific knowledge. The IPCC is the definitive source of evidence to support climate change

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How the nationally determined contribution contributes towards Article 2, paragraph 1(a), and Article 4, paragraph 11 of the Paris	policy development. Its reports represent the best expert assessment of global knowledge on climate change. New Zealand has a duty to respond to the IPCC's conclusion that limiting global warming to 1.5°C "would require rapid and far-reaching transitions" in most human activities; as well as the inclusion of emissions pathways consistent with limiting warming to 1.5 degrees, which have gained considerable influence as representing what is "necessary" to achieve the aim of the Paris Agreement. The report provided evidence to inform the 2050 target in New Zealand's Climate Change Response (Zero Ca bon) Amendment Act, which will be a signif cant challenge requiring early and more ambitious action across all sectors. The Act has legislated a domestic target out to 2050 that is consistent with 1.5 degrees Celsius The NDC contributes towards these A ticles by acknowledging the contribution of th Talanoa Dialogue. Additionally, there is a lanned proposal to request the Climate Change Commission to review our NDC to provide advice about New Zealand's ta gets (and the NDC target).

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Appendix 2: Further detail on New Zealand's nationally determined contribution under the Paris Agreement

New Zealand's NDC

1. New Zealand's NDC target is to reduce emissions to 30% below 2005 levels across the period 2021-2030. This is an absolute reduction target managed using an emissions budget approach.

2. This is a different approach to the 2050 target, which is a "point year target". This means the NDC sets a budget for our emissions in all of the years of the NDC period (2021-2030) which we are responsible for. By comparison, point year targets represent a goal for the target year only, e.g. net zero emissions in 2050, with no specific accountability for the years prior to the target.

New Zealand's NDC is challenging but achievable

3. Our NDC equates to a budget of approximately 600 million tonnes over the period 2021-2030.

4. New Zealand's gross emissions are projected to be approximately 783 million tonnes over the NDC period, which means we need to reduce approximately 183 million tonnes of emissions throughout 2021-2030 to meet our NDC target.

5. In 2015, the NDC level was determined following stakeholder and Māori consultation, economic modelling of the impact of the NDC on our economy and households. The process further considered what would represent maximum possible ambition for New Zealand's contribution, taking into account factors like the cost of effort, national circumstances, historical responsibility for climate change, carbon dioxide emissions per capita versus all-greenhouse gas emissions per capita, and national GDP.

6. New Zealand has a challenging emissions profile; in 2017 around half of our emissions were from agriculture, 20% from transport, and we already have a very high proportion of electricity generated from renewable sources (80-85%).

7. With the exception of forestry, New Zealand's emissions profile has not changed significantly since 2015, although the Government has policies in place or planned for all emissions sectors, including:

    - Agriculture: our world leading approach to pricing emissions from agriculture through He Waka Eke Noa;
    - Transport: the electric vehicle package and fuel efficiency measures;
    - Forestry: reforms through the NZ ETS and 1 billion trees;
    - Waste: waste levy etc.
    - Renewable energy and industrial processing
    - Strengthened NZ ETS

8. Forestry is projected to account for 76 Mt of removals, this differs to projections in 2015 of 30 Mt.

9. Although we have established a comprehensive and ambitious set of mitigation policies to put New Zealand on a pathway to a low emissions climate resilient future, it will take time for these to take effect and reduce emissions, so reductions may be relatively small from 2021-25. We can expect greater levels of change in the period 2026-30 depending on the strength of climate change policies implemented now. There is likely to be a shortfall gap from what we can achieve domestically and the NDC budget.

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10. New Zealand's NDC states that its emissions reduction target will be met through a combination of afforestation, domestic emission reductions, and access to international carbon markets with environmental integrity. The Government has agreed to maintain, options of securing access to international carbon markets if this makes sense in the future [CAB-I8-MIN-0248] and has agreed to a Framework for International Carbon Markets Cooperation to guide officials in discussions with potential partners [CAB-19-MIN-0688]. s 9(2)(j) [redacted]

Determining how New Zealand will meet the NDC

11. It is likely that we will need a mix of afforestation, domestic emissions reductions and access to international carbon markets to meet our NDC, although we do not need decide at this stage on the appropriate contribution of each.

12. Officials have been directed to undertake further work on what emission reductions would occur at different price points and report back to ENV in due course [CAB-19-MIN-0688]. This work, and the Climate Change Commission's advice on emissions budgets in 2021 will be important in helping the Government decide on the appropriate strategy for New Zealand to meet our NDC.

We need to better communicate our Paris contribution

13. Our NDC is often reported on as if it were a point year target, rather than an absolute reduction target using an emissions budget approach.

14. This leads to commentary which significantly underestimates the mitigation task required to meet our NDC.[15] The technical information provided in the 2020 NDC update will help to improve understanding of our NDC.

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[11] See for example Climate Action Tracker, which is frequently referenced in New Zealand media.

Document 8

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

Summary of changes to the Cabinet paper on updating New Zealand's nationally determined contribution under the Paris Agreement

Date Submitted:	19/02/2019	Tracking #: 2020-B-06478	
Security Level	RESTRICTED	MfE Priority:	Urgent

	Action sought:	Response by:
To Hon James Shaw, Minister for Climate Change	**Note** the changes to the Cabinet paper and NDC **Circulate** the Cabinet paper for Ministerial consultation	Thursday 20 February

Actions for Minister's Office Staff	**Return** the signed report to MfE.
Number of appendices and attachments	Titles of appendices and attachments: 1. Cabinet paper and narrative: Updating New Zealand's nationally determined contribution under the Paris Agreement

Ministry for the Environment contacts

Position	Name	Cell phone	1st contact
Principal Author	Adam Bradshaw		
Responsible Manager	Sarah Deblock	0220124772	✓
Director	Roger Lincoln	0272907625	

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Summary of changes to the Cabinet paper on updating New Zealand's nationally determined contribution under the Paris Agreement

Key Messages

Purpose

1. The purpose of this briefing is to provide you with a summary of the changes to the Cabinet paper and New Zealand's nationally determined contribution (NDC) following what was discussed at the MfE/MFAT officials meeting on 17 February 2020. The updated Cabinet paper and narrative have several amendments:
    a. Inclusion of your recent request to the Climate Change Commission for advice and recommendations on whether New Zealand's NDC should change to bring it in line with the global temperature goal of 1.5°C and, if so, how;
    b. Update of the Treaty of Waitangi section in the Cabinet paper, and corresponding references in the NDC table, following advice from the Crown Law Office;
    c. Consistency of wording surrounding the submission of the updated NDC to frame it as a commitment that New Zealand has made under the Paris Agreement;
    d. Removal of Appendix 2 to the Cabinet paper
2. The Cabinet paper also includes a proposal to return to Cabinet following advice from the Climate Change Commission on whether New Zealand's NDC should change. This reflects your feedback on the previous draft, discussed at the officials meeting.

Letter to the Climate Change Commission

3. On 18 February 2020, you sent a letter to the Climate Change Commission (the Commission), requesting advice and recommendations on whether New Zealand's NDC should change to bring it in line with the global 1.5°C temperature goal and, if so, how.
4. This letter is referred to in the Cabinet paper in **paragraphs 13 and 40, and in recommendation 9**.
5. The Cabinet paper also notes that following the Commission's advice and recommendations in early 2021, Cabinet will be informed of the advice and may update the NDC at that time. This has been included in the Cabinet paper in **paragraph 3 and recommendation 10**, and reflects your feedback on the previous draft.

Update of the Treaty of Waitangi section

6. S9(2)(h) [redacted]
7. This change has been reflected in the Cabinet paper and in the corresponding references in the NDC table.

Consistency of wording surrounding the submission of the updated NDC to frame it as a commitment that New Zealand has made under the Paris Agreement

8. S9(2)(h) [redacted]

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Removal of Appendix 2 to the Cabinet paper

9. Appendix 2 contained further detail on New Zealand's NDC that overlapped with information in the Cabinet paper and NDC itself. Following your recommendation, this appendix has been removed, as the information about the NDC is already covered in the paper.

Recommendations

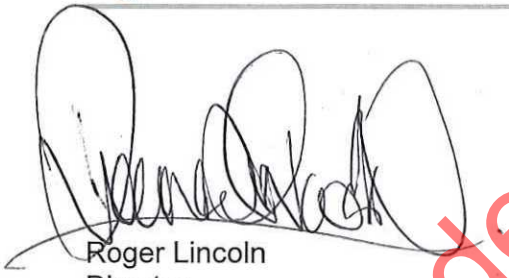
10. We recommend that you:

a. **Note** the changes to the updated Cabinet paper and NDC;

b. **Agree** to circulate the updated version of the Cabinet paper to your Ministerial colleagues, with a view to lodgement on 5 March

yes/no

Signature



Roger Lincoln
Director
Climate Change Directorate

Hon James Shaw
Minister for Climate Change **Date**

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Restricted

Office of the Minister for Climate Change

Chair, Cabinet Environment, Energy and Climate Committee

Updating New Zealand's Nationally Determined Contribution under the Paris Agreement

Proposal

1. Parties to the Paris Agreement have committed to communicate or update their Nationally Determined Contributions (NDCs) by March 2020. In 2016, New Zealand ratified the Paris Agreement and we submitted our NDC which covers a ten year period from 1 January 2021.
2. I seek Cabinet's approval to submit an update of New Zealand's 2021-2030 NDC to the United Nations Framework Convention on Climate Change (UNFCCC). (Appendix 1).
3. I propose to return to Cabinet in early 2021 following advice from the Climate Change Commission on whether New Zealand's NDC should change to bring it in line with the global temperature goal of 1.5°C and, if so, how.
4. I propose to enhance New Zealand's existing NDC with a narrative highlighting our 2050 target and other domestic action, further technical information to facilitate clarity, transparency and understanding of the NDC, and information on Tokelau's climate contribution. This does not change the headline number of the emissions reduction target component of New Zealand's NDC, nor is it intended to confer additional obligations on New Zealand.

Executive summary

5. New Zealand's NDC target under the Paris Agreement is to reduce emissions to 30% below 2005 levels across the period 2021-2030. This is an absolute reduction target managed using an emissions budget approach. This means we will be responsible for reducing emissions through our entire NDC period.[1]
6. Cumulatively, existing NDCs do not represent sufficient ambition to limit warming to 1.5°C and there is a clear need for greater global action on climate change. Parties to the Paris Agreement, including New Zealand, have committed to communicate or update their NDCs by March 2020.
7. It is also an opportunity for New Zealand to affirm its full commitment to global action to limit warming to 1.5°C, and communicate our extensive domestic action on climate change.
8. I propose that New Zealand updates its NDC with information on our changed domestic context, particularly the Climate Change Response (Zero Carbon) Amendment Act 2050 (Zero Carbon Act) target. This 2050 target is compatible with limiting warming to 1.5°C. In addition to a narrative highlighting domestic action, I propose to enhance the NDC with technical information to improve understanding of the challenge it encompasses for New

[1] This is a "responsibility target", meaning that the target could be met through a combination of domestic emissions reductions, purchases of international units and domestic sinks. Domestic sinks means any process, activity or mechanism which removes a greenhouse gas.

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Zealand. I seek Cabinet's agreement to submit the 2021-2030 NDC update (Appendix 1) to the UNFCCC.

9. In 2017, Tokelau asked New Zealand to extend its territorial application of both the UNFCCC and Paris Agreement to Tokelau, which means New Zealand's reporting now includes Tokelau. Officials are working with Tokelau on how to appropriately include Tokelau's climate contribution as part of New Zealand's 2021-2030 NDC update. I seek Cabinet's agreement for delegated authority to the Minister for Climate Change and the Minister of Foreign Affairs to approve the Tokelauan content, once it is available.

10. There is a high likelihood that New Zealand's NDC update may be received negatively by some countries and commentators, as it does not raise the headline level of our emissions reduction budget for 2030. This is a risk shared by some other developed countries which plan a similar approach to their updated NDCs, notably Switzerland. Our NDC update seeks to mitigate this risk by highlighting New Zealand's enhanced domestic action, and by improving understanding of the nature and scale of our NDC.

11. I had originally planned on revisiting the NDC's ambition in 2019, but deferred due to delays to the Zero Carbon Act which consequently delayed the establishment of the Climate Change Commission. The Commission will provide independent, expert advice, including on New Zealand's climate change targets.

12. Although we have committed to update in 2020, under the Paris Agreement, New Zealand is able to amend our NDC at any stage. We are not limited in opportunities to revise our target, only on the nature of the revision as we need to demonstrate progression and increased ambition over time. This is set out in Article 4(11) of the Paris Agreement, which states that a Party may at any time adjust its existing nationally determined contribution with a view to enhancing its level of ambition.

13. I have requested the Climate Change Commission provide advice and recommendations to the Government on whether the NDC should change to bring it in line with the global 1.5°C temperature goal and, if so, how. Following the Commission's advice, it may be appropriate for the NDC target to be revisited, but this advice will not be available prior to March 2020.

Background

New Zealand is committed to ambitious climate action and the Paris Agreement

14. The Paris Agreement was designed to ensure that all countries, no matter how big or small, contribute to keeping average global temperature increase to well below 2°C above pre-industrial levels, and pursuing efforts to limit the temperature increase to 1.5°C.

15. NDCs represent each country's contribution to these global temperature limits. NDCs are required to show a country's highest level of ambition to reduce global emissions, a progression on previous efforts, and to be more ambitious over time.

16. New Zealand's NDC represents our international contribution to mitigating climate change. It is a waypoint on a long-term journey towards the 2050 targets we set under the Zero Carbon Act, which are consistent with 1.5°C. It also sets us on a path aligned with the Paris Agreement's Article 4(1) objective for Parties to aim for carbon neutrality – balancing emissions and removals – in the second half of the century.

17. New Zealand's NDC is to reduce emissions to 30% below 2005 levels across the period 2021-2030. New Zealand's projected total emissions for the period 2021-2030 are 812 Mt

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CO_2-e, with an expected emissions budget of 626 Mt CO_2-e. Accordingly, the estimated abatement or sequestration needed over that ten year period is 186 Mt CO_2-e[2].

18. New Zealand's NDC is a "responsibility target", meaning that the target could be met through a combination of domestic emissions reductions, emissions removals (e.g. from forestry and other land use), and access to international carbon markets. We do not need to make decisions on how we will meet our NDC at this stage.

Enhancing NDCs in 2020

19. As outlined above, Parties to the Paris Agreement have committed to communicate or update their NDCs in 2020. There are increasing calls for these updates to "enhance" the ambition of NDCs.

20. Enhancement can be interpreted as increasing the headline number of the NDC target, aligning the NDC's implementation with long-term goals and/or by providing enhanced information to improve transparency[3] and understanding of NDCs.[4]

The need for increased global ambition

21. The Paris Agreement remains the most important forum for addressing climate change. It has near universal membership and continues to attract significant public and media interest. With the Paris "rulebook" largely finalised over the past two years, attention is increasingly focusing on the Agreement's implementation. Many countries, including New Zealand, have made efforts to implement the Paris Agreement by putting in place comprehensive domestic policies and measures and long-term climate goals.

22. Despite this, 2020 will be an important test for the Paris Agreement as current NDCs do not cumulatively represent sufficient action to limit warming to 1.5°C[5] and there is mounting evidence that urgent action is needed to significantly reduce global emissions before 2030 in order to meet the 1.5°C goal.[6]

23. New Zealand actively works to address the "global ambition gap". The 2018 Talanoa Dialogue sought to influence countries to increase their ambition when updating their NDCs. New Zealand acknowledged the significant gap between current global emissions and the 1.5°C scenario, endorsing the Talanoa Call to Action at COP24. The United Nations Secretary-General's (UNSG) Climate Action Summit 2019 also pushed for increased action and ambition of NDCs. New Zealand played a significant role through co-leading the Nature Based Solutions pillar with China, encouraging countries to "unlock the full potential of nature in climate action."

24. Calls for increased ambition featured last year at COP25 in Madrid[7] and I expect global ambition and Parties' updated NDCs to be in the spotlight at COP26 in Glasgow in November 2020. The European Union (EU) has announced that it will increase its NDC from a 40% to a 55% reduction from 1990 levels by 2030. Similarly, Norway has recently

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[2] The estimated abatement or sequestration has changed from 182 Mt CO_2-e to 186 Mt CO2-e due to the proposal to use AR5 GWPs rather than AR4 GWPs. This will bring New Zealand's accounting into line with our reporting for the period 2021 – 2030.

[3] More specifically, to improve "clarity, transparency and understanding" as per UNFCCC decision 4/CMA.1.

[4] World Resources Institute (2019). *Enhancing NDCs: A Guide to Strengthening National Climate Plans by 2020.*

[5] This has been illustrated in a number of reports, including the recent UNEP Emissions Gap Report 2019 which found that countries would need to increase their 2030 climate plans more than fivefold to limit global temperature rise to the 1.5°C goal of the Paris Agreement.

[6] The IPCC Special Report on 1.5°C found that in pathways limiting global warming to 1.5°C, global net human-caused emissions of carbon dioxide fall by about 45 percent from 2010 levels by 2030, reaching 'net zero' around 2050. This means that any remaining emissions would need to be balanced by removing CO2 from the air.

[7] Global ambition featured in the COP's outcome the *Chile Madrid Time for Action* (Decision 1/CP.25 and 1/CMA.2).

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announced that they will increase their NDC from a 40% to a 50-55% reduction by 2030. s 6(b)

25. s 6(a)

Analysis

Approach to updating New Zealand's NDC in 2020

26. New Zealand's NDC is short and succinct. Its structure has been modelled on how Parties to the Kyoto Protocol communicated their commitments. However, our existing NDC is not well understood. International commentators frequently report erroneously on the nature and ambition of our NDC, which is often then reported in domestic media coverage.[8]

27. Some Parties to the Paris Agreement have used, or plan to use, their NDCs to describe their approach to climate action, beyond an emissions reduction target. I propose that New Zealand enhance its NDC by providing increased information on our climate action, and its contribution towards limiting global temperature rise to 1.5°C.

28. The proposed update of the NDC was guided by the following principles:

- New Zealand's commitment to limiting global temperature rise to 1.5°C (rather than 2°C);
- The NDC should effectively communicate the challenging nature of New Zealand's contribution to the global effort including through our domestic policies and measures;
- The NDC should be enduring in nature and reflect the fact that domestic policies and actions may change or evolve over time, for example in response to the independent Climate Change Commission's advice, or due to technological advancements;
- The NDC should be clearly communicated to ensure understanding of the technical elements of the NDC and how these enhance ambition, for example the implications of taking an absolute emissions budget approach, rather than a single year target;
- The NDC should not prejudge how New Zealand will meet our NDC, but should continue to keep the option of using international carbon markets open for future governments, as a way to supplement domestic action.

Proposed NDC update

29. I seek Cabinet's agreement to the update of New Zealand's NDC contained in Appendix 1. This update reflects the principles outlined above. It highlights some of New Zealand's domestic developments and international contributions that illustrate the ambition of our climate action, and includes technical information to improve understanding of our NDC.

[8] For example, Climate Action Tracker's report on New Zealand mischaracterises New Zealand's NDC to represent a weaker emissions reduction target than it actually is, and this report is often referenced in domestic media coverage.

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30. The key messages that I propose to communicate in the NDC update are summarised below:

- New Zealand is committed to playing its part and taking action on climate change as part of the global effort through the Paris Agreement and in line with the IPCC Special Report on 1.5°C and the Talanoa Dialogue Call to Action.
- New Zealand has enhanced its NDC with information on our domestic context including the Zero Carbon Act framework, and the 2050 targets.
- The 2050 targets will drive New Zealand's transition to a low emissions, climate resilient future and support New Zealanders to make decisions that will reduce emissions and promote climate resilience. Our NDC is our international contribution to climate change and a waypoint on a long-term journey towards our 2050 targets.
- Our domestic mitigation targets address long-lived and short-lived gases appropriately, considering scientific understanding of their different effects. We will take strong action on long-lived gases as these emissions remain in the atmosphere for centuries, increasing in concentration as long as the gases continue to be emitted and largely determine long-term warming.
- New Zealand's national circumstances directly relate to our emissions profile. New Zealand's population and economy are predicted to continue growing, S9(2)(g)(i) The largest contributors to these emissions are the agriculture (48 percent) and energy (41 percent) sectors. New Zealand has a high proportion of renewable electricity generation (80 to 85 percent).
- Achieving New Zealand's NDC target will be challenging. New Zealand's NDC under the Paris Agreement is to reduce emissions to 30% below 2005 levels across the period 2021-2030. As the NDC is an absolute emissions reduction target managed using an emissions budget approach, this means New Zealand will be responsible for reducing emissions through the entire NDC period cumulatively. This would make us responsible for reducing emissions by 186 million tonnes, which equates to around a quarter of our projected total emissions between now and 2030.[9]
- New Zealand's NDC is a "responsibility target", meaning that the target could be met through a combination of domestic emissions reductions, emissions removals, and access to international carbon markets.
- We are putting in place the policies we need with a comprehensive package of domestic action that cover all parts of our emissions profile. These are supported by legislation and processes to reduce emissions and guide our transition, such as the independent Climate Change Commission, Climate Implications of Policy Assessment requirements, and a strengthened New Zealand Emissions Trading Scheme (NZ ETS).

31. New Zealand has decided to use Global Warming Potentials (GWPs) from the IPCC's Fifth Assessment Report (AR5) for accounting for the NDC. This reflects New Zealand's acceptance of the most up to date, internationally recognised science. The purpose of this change is to bring New Zealand's accounting into line with our reporting for the period 2021-2030.

32. This marks a change from the NDC submitted upon ratification of the Paris Agreement. This change from AR4 GWPs to AR5 GWPs will increase projected emissions in the base year (2005) from 783 Mt to 812 Mt, and will increase the 2021-2030 projected

[9] Based on projections in New Zealand's 4th Biennial Report, 2019.

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emissions budget from 600 Mt to 626 Mt. Accordingly, the abatement task of the NDC will change from 182 Mt to 186 Mt CO2eq.

33. The additional technical information is provided in line with specific and detailed guidance on what to include in NDCs which was agreed at COP24 in 2018.[10] This guidance is a requirement for second and subsequent NDCs. By applying it to our first NDC update in a deliberate way New Zealand will be signalling our commitment to the effective implementation of the Paris Agreement, and demonstrating leadership.

Including Tokelau in New Zealand's NDC

34. Officials have also consulted the Government of Tokelau, to ensure that Tokelau's climate contribution is appropriately included in New Zealand's 2021-2030 NDC update. This reflects that New Zealand's application of the Paris Agreement was extended to Tokelau in 2017 and that Tokelau is now included in New Zealand's international greenhouse gas reporting.

35. Tokelau has indicated that it wishes to be included in our NDC update. The Ministry of Foreign Affairs and Trade (MFAT) is working with Tokelauan officials to ensure Tokelau is appropriately included. However, Tokelau has advised that it requires additional time to prepare its material. Therefore, I propose that Cabinet delegate authority to the Ministers of Climate Change and Foreign Affairs to approve Tokelauan content, once it is available.

Timing considerations

36. S9(2)(h) [redacted]

37. I may need to exercise some flexibility over the timing in order to include Tokelau's climate contribution and to coordinate with the timing of countries which are taking a similar approach to New Zealand.

Revisiting the NDC's ambition in future

38. Under the Paris Agreement, Parties are required to communicate an NDC every five years. All Parties to the Paris Agreement, under article 4(11), are able to review and resubmit their NDC at any stage and NDCs are expected to be progressive (i.e. represent an increase in ambition over time).

39. Any decision on changing the NDC should take into account the Climate Change Commission's advice on emissions budgets, and this was not possible for this first NDC update.

40. I have requested the Climate Change Commission provide advice and recommendations to the Government on whether the NDC should change to bring it in line with the global 1.5°C temperature goal and, if so, how. It may be appropriate for the NDC target to be revisited following the Commission's advice.

41. New Zealand's second NDC is due to be submitted in 2025, to cover the period 2031-2035. Our second NDC will be informed by the Commission's advice.

Consultation

42. This paper was prepared by the Ministry for the Environment, with input from the Ministry of Foreign Affairs and Trade.

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[10] Through Katowice Decision 4/CMA.1 UNFCCC Parties agreed specific and detailed guidance on the information to be provided in NDCs and strongly encouraged Parties to provide this information in relation to their first NDCs, including those communicated or updated by 2020.

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43. The Treasury, the Ministry for Primary Industries, Te Arawhiti, the Department of the Prime Minister and Cabinet and the Ministry of Business, Innovation and Employment were consulted in its preparation. Te Puni Kōkiri have been informed. Where feedback was received it is reflected in this paper.

44. Officials are investigating whether to adopt a land-based (similar to reporting of all land-uses in the Land-Use, Land-Use Change and Forestry sector) or an activity-based approach (similar to accounting under the Kyoto Protocol) to accounting under the Paris Agreement. The decision on the approach taken will be part of He Waka Eke Noa's investigation into the recognition of on-farm sequestration. Officials will provide an initial assessment within the report back to Cabinet in April 2020 on potential options for domestic incentives. Ministers will report back in 2022 on how and what type of removals could be recognised, as part of developing a farm level pricing scheme. Extending coverage to account for non-forest vegetation also aligns with the Paris Agreement principles of increased inclusion of emissions and the approaches taken within most other developed countries' NDCs.

45. In 2015, the Government went through a comprehensive process to formulate the NDC. This included stakeholder and Māori consultation, economic modelling of the impact of the NDC on our economy and households, and the cost of our effort. There was also consideration of factors such as national circumstances, historical responsibility for climate change, carbon dioxide emissions per capita versus all-greenhouse gas emissions per capita, and national GDP.

46. In 2018, the Government released the *Our Climate Your Say: Consultation on the Zero Carbon Bill* which received more than 15,000 submissions on New Zealand's 2050 target and the Zero Carbon Bill. In 2019, the Environment Select Committee had nearly 11,000 written and oral submissions on the Zero Carbon Bill. The Committee heard from parents, students, scientists, farmers, academics, health professionals, activists, iwi, local government and businesses.

47. I believe that I have consulted extensively on the framework for delivering New Zealand's climate action out to 2050, which culminated in the Zero Carbon Act's near unanimous adoption late last year. I view the NDC as a component of this wider climate policy framework, and a waypoint on our transition to a low emissions, climate resilient Aotearoa. My proposal is therefore to enhance the NDC with information reflecting the matters covered by the Zero Carbon Bill consultation without undertaking further comprehensive consultation.

48. However, I recognise that there are stakeholders with strong interest in New Zealand's climate ambition, including the NDC, and this is also an issue highly relevant to Māori. I have directed officials to undertake targeted engagement ahead of the NDC's submission to explain our approach to enhancing our NDC and share the narrative outlined above with key stakeholders and iwi/Māori.

49. s 9(2)(h) [redacted]

Financial implications

50. There are no financial implications from the proposals in this paper.

Legislative implications

51. There are no legislative implications from this paper.

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Regulatory impact analysis

52. The RIA requirements do not apply as there are no regulatory implications from this paper.

Climate implications of policy assessment

53. The Ministry for the Environment confirms that the CIPA requirements do not apply to this proposal.

Gender implications

54. There are no gender implications arising from this paper.

Disability perspective

55. There are no disability implications arising from this paper.

Treaty of Waitangi

56. I understand the issue of climate change and its effects is highly relevant to Māori. In our domestic setting this is being addressed, *inter alia*, through the Zero Carbon Act and the development of New Zealand's first climate change risk assessment. Climate change and its effects will have an impact on all New Zealanders, however, in relation to Article II interests, Māori will likely be impacted in the exercise of their customs and culture in relation to the local environment.

57. MfE is working with Māori to co-design a process that seeks to ensure climate-related policy, and mitigation and adaptation strategies, and adequately support climate resilience and the particular needs of Māori in local communities throughout Aotearoa New Zealand. An Interim Establishment Committee is now being formed to engage widely and inclusively with iwi/Māori on the proposed process, and to oversee its establishment phase.

Publicity

58. I plan a media release to highlight New Zealand's submission of the 2021-2030 NDC update to the UNFCCC Secretariat. There is likely to be scrutiny from international and domestic climate change commentators and media on updated NDCs, some of which have erroneously reported on our NDC in the past.

Proactive Release

59. I propose to proactively release this paper on the Ministry for the Environment's website in whole, subject to redactions as appropriate equivalent to those under the Official Information Act 1982, once public announcements have been made.

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Recommendations

The Minister for Climate Change recommends that the Committee:

1. **Note** the need for enhanced global action on climate change to limit warming to no more than 1.5°C above pre-industrial levels;
2. **Note** that New Zealand's NDC is to reduce emissions to 30% below 2005 levels across the period 2021-2030, managed using an emissions budget approach;
3. **Note** that officials propose using Global Warming Potentials (GWPs) from the IPCC's Fifth Assessment Report (AR5) for accounting for New Zealand's NDC;
4. **Note** that New Zealand is has committed to provide an updated NDC to the UNFCCC Secretariat by March 2020;
5. **Note** that the updated NDC in Appendix 1 enhances New Zealand's NDC with a narrative highlighting our 2050 target and other domestic action, as well as further technical information to enhance clarity, transparency and understanding of our NDC, and that it does not change the headline number of New Zealand's NDC nor is it intended to confer additional obligations on New Zealand;
6. **Agree** to submit an update to New Zealand's 2021-2030 NDC as contained in Appendix 1 to the Secretariat of the United Nations Framework Convention on Climate Change;
7. **Note** that in 2017 New Zealand's application of the Paris Agreement was extended to include Tokelau and that Tokelau has indicated they would like to include their climate contribution as part of New Zealand's NDC update, but that their contribution requires more time to collate;
8. **Authorise** the Ministers of Climate Change and Foreign Affairs to approve the Tokelauan content once available for inclusion in New Zealand's update;
9. **Note** that the Minister for Climate Change has requested the Climate Change Commission to provide advice and recommendations to the Government on whether the NDC should change to bring it in line with the global 1.5°C temperature goal and, if so, how;
10. **Request** the Minister for Climate Change to return to Cabinet in early 2021 following receipt of the Climate Change Commission's advice on the NDC;
11. **Note** that officials will begin targeted stakeholder engagement on the NDC, prior to the submission to the UNFCCC.

Authorised for lodgement.

Hon James Shaw

Minister for Climate Change

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Appendix 1: New Zealand's enhanced 2021-2030 NDC

NEW ZEALAND

Submission under the Paris Agreement
New Zealand's Nationally Determined Contribution
DD MM 2020

New Zealand hereby communicates our Nationally Determined Contribution (NDC) under the Paris Agreement for the period 2021 to 2030.

New Zealand commits to reduce greenhouse gas emissions to 30 percent below 2005 levels by 2030, managed using a multi-year emissions budget.

We have enhanced New Zealand's NDC with contextual information about our long-term domestic climate change action aiming to limit global temperature increases to no more than 1.5ºCelsius above pre-industrial levels (rather than 2ºCelsius).

Our NDC is additionally enhanced with further information to facilitate clarity, transparency and understanding of New Zealand's NDC (decision 4/CMA.1 refers).

New Zealand intends to communicate our adaptation efforts under the Paris Agreement in alternative documents to the NDC (decision 9/CMA.1 refers).

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Contextual information accompanying New Zealand's NDC

New Zealand is committed to taking decisive action on climate change, with our first NDC constituting our international contribution to reduce emissions in the near-term. Our NDC target is a multi-year emissions budget to reduce emissions by 30 percent below 2005 levels by 2030. We will account for all emissions in the years between 2021 and 2030, not only in the target year (2030). It is the total amount emitted altogether that matters most for addressing climate change. With net emissions under current settings estimated to be 812 million tonnes of carbon dioxide-equivalent over the NDC period, we are likely to have an emissions budget of 626 million tonnes. This would make us responsible for reducing emissions by 186 million tonnes, which equates to around a quarter of our projected total emissions between now and 2030.

Our 2021-2030 NDC is the third emissions reduction target New Zealand has taken internationally. We previously set and met our target for 2008-2012 under the Kyoto Protocol, and are on track to meet our target for 2013-2020 under the United Nations Framework Convention on Climate Change.[11] Each of New Zealand's international targets have exceeded the last, and our first NDC target again represents progression beyond our 2013-2020 target.

New Zealand plans to achieve our 2021-2030 NDC target, by prioritising domestic emissions reductions across all sectors and greenhouse gases and increasing carbon dioxide removals through forestry. We may supplement our efforts by using international carbon markets with environmental integrity. Cooperating with other countries will enable us to contribute to greater global emissions reductions.

New Zealand's national circumstances include trends of continuing growth of our population and economy, along with our gross emissions. The largest contributors to these emissions are our agriculture (48 percent) and energy (41 percent) sectors. Given our existing high proportion of renewable electricity generation (80 to 85 percent), this means New Zealand has a challenging task ahead. We are mindful, however, that a successful transition to a low emissions, climate-resilient future will require us to overcome these challenges and to capitalise on the opportunities instead.

New Zealand is focused on the Paris Agreement goal of pursuing efforts to limit global temperature increase to 1.5°Celsius above pre-industrial levels. The benefits of staying within 1.5°Celsius, and making far-reaching and rapid transformations, are clearly outlined in the Intergovernmental Panel on Climate Change *Special Report on global warming of 1.5°Celsius* and reiterated in the Talanoa *Call to Action*. New Zealand has taken on board these findings in the development of its domestic policy planning; we are placing the objective of 1.5°Celsius at the heart of our response.

Our Climate Change Response (Zero Carbon) Amendment Act 2019 legislates a 2050 emissions reduction target consistent with the 1.5°Celsius threshold, and our 2030 NDC is a waypoint on a journey toward this long-term goal. In keeping with the science, New Zealand is emphasising reductions in the long-lived gases that largely determine long-term warming of the climate. Our 2050 target is therefore set to reduce: emissions of biogenic methane to 24-47 percent below 2017 levels by 2050, and net emissions of all other greenhouse gases to zero by 2050. It also includes an interim step to reduce biogenic methane emissions to at least 10 percent below 2017 levels by 2030. New Zealand correspondingly will need to contribute a significant reduction in long-lived gases (estimated at around s 9(2)(g)(i) after projecting for forestry removals) over the period 2021 to 2030.

[11] New Zealand's 2008-2012 target was to reduce emissions to 1990 levels on average over the Kyoto Protocol First Commitment Period; New Zealand's 2013-2020 target is to reduce emissions by 5 percent below 1990 levels by 2020.

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Our 2050 target sits within a broader framework that will enable New Zealand to develop and implement clear and stable climate change policies over time. In addition to the 2050 target, the Zero Carbon Act framework: establishes a system of successive emissions budgets and plans to act as stepping stones toward our 2050 target; establishes a Climate Change Commission to provide independent advice to the Government and monitor our progress toward long-term climate goals; and institutes adaptation measures. The framework aligns New Zealand's transition to the objectives of the Paris Agreement, including balancing emissions and removals in the second half of the century, and supports our commitments to the Carbon Neutrality Coalition. The framework also provides opportunities to reflect on our ambition, with our Climate Change Commission able to advise on any necessary enhancements.

In addition to this overarching framework, New Zealand has put in place a suite of domestic policies to achieve our climate change targets that cover all sources of our emissions. These policies are designed to reduce emissions in an enduring and comprehensive way, although may need adjusting over time as new technologies become available, our national circumstances evolve, other policies are developed, and we receive expert advice from our Climate Change Commission. Some of our key policies at this time include, among many others:

- strengthening our primary tool to reduce emissions, the New Zealand Emissions Trading Scheme, to align its purpose with our Zero Carbon Act framework and the Paris Agreement, and limiting global warming to 1.5°Celsius.
- pricing our agricultural emissions from 2025 onwards.
- requiring government agencies to disclose the greenhouse gas emissions impacts of new policies through Climate Implications of Policy Assessments.
- increasing afforestation, as a Nature Based Solution, by improving the NZ ETS afforestation incentive, and encouraging planting the right trees in the right place for the right purpose through the One Billion Trees (by 2028) programme.
- accelerating investment in low emissions solutions through Green Investment Finance Limited and developing a mandatory regime for the disclosure of climate-related financial risks and opportunities.

Beyond our 2021-2030 NDC target, we will continue working with other countries to galvanise and facilitate greater ambition through collaborative initiatives. This includes advocating for ambitious and effective disciplines on inefficient fossil fuel subsidies, employing trade policies, practices and rules to achieve the goals of the Paris Agreement (such as the Agreement on Climate Change, Trade and Sustainability), and committing resources to undertake research and develop technologies for growing more food without growing greenhouse gas emissions (such as the Global Research Alliance on Agricultural Greenhouse Gases).

New Zealand extended its ratification of the UNFCCC and the Paris Agreement to include Tokelau as of 13 November 2017, and **we welcome Tokelau's contribution to addressing climate change.** Tokelau is particularly vulnerable to climate change, and as a small set of atolls, committed to tackling climate change. Tokelau was included in New Zealand's greenhouse gas reporting in 2017, setting a positive example of transparency of its emissions and commitments. Tokelau's contribution represents further action still.

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Information to facilitate clarity, transparency and understanding of New Zealand's NDC

Quantifiable Information on the reference point and a base year	
Sub-element:	Information:
Reference year(s), base year(s), reference period(s) or other starting point(s):	Base year: 2005
Quantifiable information on the reference indicators, their values in the reference year(s), base year(s), reference period(s) or other starting point(s), and, as applicable, in the target year:	Total emissions in base year (2005): provisional estimate 86.584 (Mt CO2-e)[12][13]
Information on sources of data used in quantifying the reference point(s):	Base year emissions will be taken from the most recently reviewed national inventory report at the time that New Zealand submits its first biennial transparency report under the Paris Agreement. GWP 100 from the IPCC 5th Assessment Report
Information on the circumstances under which the Party may update the values of the reference indicators:	The most up to date estimate of base year emissions will be used when New Zealand submits its first biennial transparency report under the Paris Agreement. Until then the base year emissions estimate remains provisional
Timeframes and/or periods for implementation	
Sub-element:	Information:
Time frame and/or period for implementation, including start and end date:	Period covered by NDC: 2021 to 2030.
Whether it is a single-year or multi-year target:	Multi-year target, managed using an emissions budget approach to account for emissions in all the years for the period 2021 to 2030. Projected total emissions for the period 2021-2030: 812 Mt CO_2-e Expected emissions budget for the period 2021-2030: 626 Mt CO_2-e Estimated abatement or sequestration needed (i.e. the difference between total emissions and the emissions budget for the period 2021 to 2030): 186 Mt CO_2-e *Note: figures are based on New Zealand's Greenhouse Gas Inventory, published in April 2019, these are provisional until confirmed during the NDC period, and the emissions projections contained in New Zealand's Fourth Biennial Report, published in December 2019.
Scope and coverage	

[12] IPCC 5th Assessment Report

[13] *Note that this figure excludes all climate feedbacks. Total emissions in base year (2005) including climate feedbacks: 96.295 (Mt CO2-e)*

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Sub-element:	Information:
General description of the target	The 2021-2030 NDC target is a responsibility target.
Sectors, gases, categories and pools covered by the nationally determined contribution, including, as applicable, consistent with Intergovernmental Panel on Climate Change (IPCC) guidelines:	The 2021-2030 NDC target is economy-wide covering all sectors: energy, industrial processes and product use, agriculture, land use, land-use change and forestry, waste, and all greenhouse gases: CO_2, CH_4, SF_6, HFCs, PFCs, N_20, NF_3.
Element: Planning processes	
Sub-element	Information:
Information on the planning processes that the Party undertook to prepare its nationally determined contribution:	In preparing its 2021-2030 Intended Nationally Determined Contribution (INDC), the New Zealand Government undertook a comprehensive process that included: carrying out analysis about how options for New Zealand's contribution would compare to global efforts to reduce emissions, taking into account factors such as the cost of effort, national circumstances, historical responsibility for climate change, and national GDP; modelling the impact of different NDC target options on New Zealand's economy and households. This work is published on the Ministry for the Environment's website (*A general equilibrium analysis of options for New Zealand's post-2020 climate change contribution*, and *Modelling the economic impact of New Zealand's post-2020 climate change contribution*); and, conducting public consultation through publication of a discussion document available on the Ministry for the Environment's website (*New Zealand's Climate Change target*), public meetings, hui (meetings), and inviting the public to make submissions on target options and the NDC. New Zealand ratified the Paris Agreement in October 2016, and submitted a 2021-2030 NDC. The submitted NDC underwent a substantial public consultation process, with 15 public meetings and hui held. Additionally, 17,023 written submissions were received from 15,639 submitters. This NDC built on, and reflected a streamlined version of, our initial INDC. This submission process made the NDC accessible to the public. However, the NDC was misinterpreted on occasion. This update of the 2021-2030 NDC therefore enhances the information provided in an effort to improve understanding. The 2021-2030 NDC is one part of New Zealand's wider policy response to climate change. New Zealand's Climate Change Response (Zero Carbon) Amendment Act (passed into law in late 2019) provides a framework to transition New Zealand to a low-emissions, climate-resilient economy. The Government received over 15,000 submissions on the proposals for this Act, and 10,000 submissions as the legislation was being shaped. The Zero Carbon Act set up the Climate Change Commission, an expert-group that provides independent advice to the

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	Government. The Zero Carbon Act provides for the Climate Change Commission to review New Zealand's 2050 emissions reduction target, and when directed, the ability to consider the ambition of our NDCs. The Climate Change Commission was established on the 1st December 2019.
Party's implementation plans, including, as appropriate, domestic institutional arrangements:	New Zealand has implemented, or is planning, a number of policies and institutional arrangements (including legislation and regulations thereunder) to meet its domestic and international climate goals, including its NDC: The Zero Carbon Act provides an enduring framework by which New Zealand can develop and implement clear and stable climate change policies. It achieves this purpose by enshrining in legislation four elements: 1. An emissions reduction target for 2050[14], consistent with the 1.5 degree goal. 2. A system of emissions budgets and emission reduction plans to act as stepping stones to the 2050 target and provide a framework for planning. 3. A Climate Change Commission to provide independent advice and monitor progress. 4. Adaptation measures to assess and address the risks from a changing climate. The Climate Change Response (Emissions Trading Reform) Amendment Bill has been introduced to reform the New Zealand Emissions Trading Scheme as our primary policy tool to reduce emissions and ensure our commitments under the Paris Agreement are met. A new framework, the Climate Implications of Policy Assessment, was established in 2019 to enable central government agencies to undertake and report a greenhouse gas emissions analysis for all new policy proposals that meet certain qualifying criteria. This allows New Zealand to measure, monitor and report on government interventions that will impact New Zealand's greenhouse gas emissions. The Government is committed to ensuring a just transition towards a low-emissions and climate resilient economy. Further, New Zealand has a package of domestic policies, including sustainable finance New Zealand provides leadership in research, innovation and technical solutions to reduce emissions from agriculture. An example of this is the New Zealand Agricultural Greenhouse Gas Research Centre. The

[14] The emissions reduction target for 2050 is net zero global greenhouse gas (GHG) emissions by 2050, excluding biogenic methane, and a 24-47% reduction of biogenic methane by 2050 compared to 2017 levels.

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	purpose of the Centre is to deliver knowledge, technologies and practices to enable New Zealand to enhance agricultural productivity in an emissions constrained world. In 2016, New Zealand adopted the Kigali Amendment to the Montreal Protocol on Substances that Deplete the Ozone Layer. New Zealand has completed the domestic processes required to meet the Amendment's obligations, which entered into force on 1 January 2020. As technologies become available and national circumstances evolve, New Zealand may realign the aforementioned policies and/or introduce new policies to reduce emissions. Further information about these policies and institutional arrangements is available online, noting the New Zealand Ministry for the Environment, Ministry of Foreign Affairs and Trade, and Ministry for Primary Industries' websites in particular. Details are also included, or anticipated for inclusion, in New Zealand's National Communications and Biennial Reports under the UNFCCC, and future Biennial Transparency Reports under the Paris Agreement.
Party's implementation plans, including public participation and engagement with local communities and indigenous peoples, in a gender-responsive manner:	New Zealand is founded on a partnership between the Crown and indigenous New Zealanders, Māori, through the Treaty of Waitangi. Te Puni Kōkiri is the Ministry for Māori Development. It advises on policy affecting Māori wellbeing and development. Further, Te Arawhiti is the Ministry of Māori-Crown relations and provides guidance and support relationships with Māori. The passing of the Zero Carbon Act, and the statutory provisions set up around the emissions reduction plans, resulted in requirements to develop strategies to recognise and mitigate impacts on Māori. This programme can only be achieved through engagement with Māori. • The Ministry for the Environment is working with Māori to establish an engagement process (Ihirangi) to ensure that Māori perspectives are included in policy development, as well as recognising the impacts that specifically affect Māori (i.e. co-design approach). The establishment of this process (involving a core Māori group and regional linkages) aligns with the intent of the Government's Engagement Framework and Partnership Guidelines. o A number of ways exist to engage with Māori on their perspectives of the risks and opportunities presented by climate change and specific policies in response. More recently, the Government has developed the Māori-Crown Engagement Framework and Partnership Guidelines to ensure Māori have full involvement in all phases of policy design,

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	implementation, and evaluation to support agencies to develop true partnerships with Māori. • Māori-focused research aligned with integrated farm systems, which seeks to assist the Māori pastoral sector to increase resource efficiency and farm productivity while lowering greenhouse gas emissions. The New Zealand Government will undertake targeted engagement with stakeholders, including iwi/Māori, on the updated NDC
Contextual matters, including, inter alia, as appropriate, national circumstances, such as geography, climate, economy, sustainable development and poverty eradication:	New Zealand became a Party to the Paris Agreement because we are committed to contributing to collective global action on climate change. We need all countries to contribute, and need to be able to hold all countries to account. We actively support the Paris Agreement not only to help protect New Zealand's economic, social, cultural and environmental interests, but also to encourage others to take action on climate change. New Zealand is a long, narrow and mountainous country with two main islands, and a number of smaller outlying islands. New Zealand is expected to see a 50 percent growth in population between 1990 and 2030. This growth is significant, with relatively low population density. We have an open, trade-reliant economy founded in the agricultural and land sectors. New Zealand is, however, geographically distant from international markets and trading partners, being located in the South Pacific. New Zealand has an export-dependent economy, with a significant reliance on the agriculture sector. Some 85 per cent of New Zealand's total food production goes to the international market. New Zealand's geography and population distribution have contributed to a dependence on fossil fuel-powered transport. Because of this, and New Zealand's primary sector exports base, emissions are dominated by the agriculture and energy sectors, which together comprise approximately 88 per cent of gross emissions. New Zealand has seen strong economic growth since 1990. New Zealand has high levels of renewable energy use and a long history of renewable energy development. Approximately 80 per cent New Zealand's electricity generation uses renewable resources – primarily hydro-generation. Continued development of geothermal and wind generation has seen the amount of electricity generated from these sources more than triple over the last two decades. Considering the high levels of existing renewable electricity generation, there is less gross emissions reduction potential from the energy sector than

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	in other jurisdictions. This presents a challenge to abatement options. Despite this, New Zealand is looking to make further gains in this area. The Government has an aspirational goal of 100 per cent renewable electricity by 2035, with five-yearly assessments to ensure that security of supply and affordability of electricity are well-maintained. [The Government is also currently consulting on policy options to encourage energy efficiency and the uptake of renewable fuels in industry, and on accelerating renewable electricity generation and infrastructure.] New Zealand is in the process of decoupling emissions from economic growth, although emissions continue to grow off the back of strong economic and population growth. The policies and measures we are putting in place now will make an impact towards reducing our emissions over the period 2021 to 2030 (as projected in New Zealand's Fourth Biennial Report).
Contextual matters, including, inter alia, as appropriate, other contextual aspirations and priorities acknowledged when joining the Paris Agreement:	New Zealand became a Party to the Paris Agreement because doing so would contribute to collective global action on climate change, help protect New Zealand's economic, social, cultural and environmental interests, encourage others to take action on climate change, and maintain our positive international reputation and our ability to influence international climate change processes. New Zealand is committed to an effective international system that addresses climate change, has environmental and scientific integrity, is multilateral and rules-based (i.e. we need all countries to contribute, and need to be able to hold all countries to account). By participating we want to ensure that the Agreement will be practical and based on continuous improvement, also that it recognises and protects the rights and interests of indigenous peoples. Through these we encourage and support action in areas where we are well positioned to accelerate the collective effort.
Element: Assumptions and methodological approaches, including those for estimating and accounting for anthropogenic greenhouse gas emissions and, as appropriate, removals	
Sub-element:	Information:
Assumptions and methodological approaches used for accounting for anthropogenic greenhouse gas emissions and removals corresponding to the Party's NDC, consistent with decision 1/CP.21, paragraph 31, and accounting guidance adopted by the CMA:	The NDC applies 100 year Global Warming Potentials (GWPs) from the IPCC 5th Assessment Report, and methodologies from the IPCC 2006 Greenhouse Gas Inventory Guidelines and the 2013 IPCC Kyoto Protocol Supplement. New Zealand's accounting for Land use, land-use change and forestry (LULUCF) will be based on a combination of the 2006 IPCC Guidelines and the 2013 IPCC Kyoto Protocol Supplement, and is detailed below. It will be done in accordance with methodologies and common metrics assessed by the IPCC and in accordance with decision 18/CMA.1. Any information on own methodology used, will

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	be consistent with Article 4, paragraph 6, of the Paris Agreement. Forests established after the base year (1990) will be accounted for up until they reach their long-term average carbon stock. After this point is reached, the forest will be accounted for under a business-as-usual reference level (e.g. similar to Forest management under the Kyoto Protocol). The approach will take into account all carbon pools (e.g. alive and dead biomass, harvested wood products (HWP) and soil). New Zealand will continue to account for all deforestation emissions, as per the Kyoto Protocol. Forests established before the base year will continue to be accounted for under a business-as-usual reference level, as per the Kyoto Protocol. This approach is used to address the dynamic effects of age structure resulting from historical activities and practices, and the ongoing cycles of forest harvest and regrowth that occur as part of normal, sustainable forest management. Accounting provisions to address natural disturbance, land-use flexibility, legacy effects, non-anthropogenic effects and additionality since the base year will also continue to apply, building on existing guidance. HWP accounting will be based on the production approach. New Zealand's approach recognises that accounting methodologies need to focus on anthropogenic effects and create incentives for mitigation that promote sustainable land management. New Zealand shows consistency with greenhouse gas inventories, pursuant to Article 13, paragraph 7(a), of the Paris Agreement.
Assumptions and methodological approaches used for accounting for the implementation of policies and measures or strategies in the NDC:	Assumptions and methodological approaches include: population and GDP assumed to increase over time and effective carbon price assumption. Currently implemented and adopted policies and measures: the difference between with measures (WEM) and without measures (WOM) scenarios. Additional policies and measures effect: the difference between WEM and with additional measures (WAM) scenarios emissions and removals.
If applicable, information on how the Party will take into account existing methods and guidance under the Convention to account for anthropogenic emissions and removals, in accordance with Article 4,	New Zealand's national system is designed specifically for the avoidance of double counting. We have developed a national monitoring system for land use, land-use change and forestry that utilises wall-to-wall mapping and periodic forest monitoring. The wall-to-wall mapping approach ensures emissions and removals from land-use and forests are identified and counted only once. There is regular

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paragraph 14, of the Paris Agreement, as appropriate (i.e. how we promote environmental integrity, TACCC, and ensure avoidance of double counting):	information sharing between the national system and the NZ ETS to ensure all forests are identified and correctly classified. New Zealand has a national Emissions Trading Register which manages the accounting, reporting and reconciliation of emissions and unit holdings and transactions as part of the NZ ETS. Further, New Zealand has a voluntary emissions offsetting work programme that provides guidance on how to avoid double counting when organisations use NZ ETS units for voluntary emissions offsetting. Environmental integrity is ensured in the greenhouse gas inventory, forestry and in the NZ ETS. Internal quality assurance processes ensure environmental integrity in the inventory. The quality assurance and quality control plans are reviewed annually. The quality assurance and quality control processes have a significant role in the preparation of the inventory to ensure the core principles of transparency, accuracy, completeness, comparability and consistency (TACCC) are achieved. More information can be found in New Zealand's Seventh National Communication. New Zealand's commitment to integrity is also evident in international negotiations, where New Zealand is a leader in discussions regarding the avoidance of double counting in international markets.
IPCC methodologies and metrics used for estimating anthropogenic greenhouse gas emissions and removals:	See assumptions and methodological approaches used for accounting for anthropogenic greenhouse gas emissions and removals, above.
Sector-, category- or activity-specific assumptions, methodologies and approaches consistent with IPCC guidance, as appropriate, including, as applicable: (i) Approach to addressing emissions and subsequent removals from natural disturbances on managed lands; (ii) Approach used to account for emissions and removals from harvested wood products; (iii) Approach used to address the effects of age-class structure in forests:	New Zealand's assumed accounting for LULUCF sector will be based on a combination of the 2006 IPCC Guidelines and the 2013 IPCC Kyoto Protocol Supplement, providing for Kyoto Protocol accounting approaches to be applied to the greenhouse gas inventory land-based categories. New Zealand's existing activity start year of 1990 will continue to apply, ensuring continuity of action with previous commitments. New Zealand's LULUCF approach assumes accounting will be either land or activity based, and will apply existing IPCC methodologies to distinguish areas subject to direct human-induced change from those under pre-existing management, as follows: a. Forests established from the activity start year will continue to be accounted for as they would under the Kyoto Protocol, but once they attain their long-term average carbon stock, taking into account all carbon pools and activities, the forest will transfer to the 'forest management/forest remaining' forest category, where it will be accounted for under a business-as-usual reference level. New Zealand will continue to account for all deforestation emissions. b. Forests established before the activity start year will

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	continue to be accounted for under a business-as-usual reference level, as per the Kyoto Protocol, to address the dynamic effects of age structure resulting from activities and practices before the reference year, and the ongoing cycles of forest harvest and regrowth that occur as part of normal, sustainable forest management. c. Accounting provisions to address natural disturbance, land-use flexibility, legacy effects, non-anthropogenic effects and additionality since the activity start year will also continue to apply, building on existing guidance. HWP accounting will be based on the production approach. New Zealand's LULUCF use approach builds on experience with accounting under the Kyoto Protocol to recognise and focus on additional action. This approach will create incentives for the establishment of new forests, recognise permanent, long-term enhancements of carbon sinks resulting from new management, and take responsibility for deforestation, while accommodating the long-term cycles in net emissions and removals that arise from sustainable forest management.
The intention to use voluntary cooperation under Article 6 of the Paris Agreement, if applicable:	In meeting its 2021-2030 NDC, New Zealand intends to use international market mechanisms, cooperative approaches and carbon markets that have environmental integrity, including through guarding against double-claiming and/or double-counting, by ensuring transparency in accounting and governance, and by ensuring environmental integrity of emissions reductions generated or purchased.
Element: How the Party considers that its NDC is fair and ambitious in the light of its national circumstances	
Sub-element:	Information:
How the Party considers that its NDC contribution is fair and ambitious in the light of its national circumstances:	New Zealand is responsible for low levels of emissions now and historically (0.17 percent of global gross emissions in 2017). Countries which each individually contribute one per cent or less of global emissions account for nearly a quarter of total emissions. Therefore, New Zealand's efforts matter. The likely cost to the New Zealand economy of meeting this NDC budget in terms of GDP is high relative to many other parties. This is due to a number of factors, such as the existing high level of renewable electricity generation (80-85%), and the make-up of our emissions profile, where almost half of our total emissions originate from agriculture. New Zealand's 2050 target places an emphasis on long-lived gases. The target is to reduce global greenhouse gas (GHG) emissions to net zero by 2050 (excluding biogenic methane for which the target is 24-47%). The outcome we seek for the 'form' or 'type' of contribution we deliver is an NDC that provides a fair, comparable and transparent representation of New Zealand's effort on climate change.

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	Different forms of contribution will better facilitate the accurate measurement of reductions to track progress towards a country's global goal than others, or more clearly (or fairly) represent a country's "effort" (depending on their national circumstance).
Fairness considerations, including reflecting on equity:	A basket of indicators can give an idea of countries' efforts, and New Zealand looked at factors such as: national circumstances, including evolving circumstances such as population growth rates, the size of the forestry sector, the size of the agriculture sector, and access to natural resources; cost of effort (sharing), including to the economy; resource sharing, such as sharing greenhouse gas emissions, including carbon dioxide versus methane per capita; historical responsibility for climate change; income and capacity, such as the ability to afford to mitigate more emissions than others; abatement required to meet NDC headline target, and the gap between the business-as-usual emissions curve and emissions curve needed to meet the NDC target.
How the Party addressed Article 4, paragraph 3, of the Paris Agreement (i.e. how NDC target represents progression and highest possible ambition):	New Zealand's NDC target represents a progression beyond New Zealand's current 2020 target in terms of headline number, cost and emissions impact, reduction from business-as-usual emissions, improvement in emissions efficiency of the New Zealand economy and a stronger focus on domestic emissions reductions.
How the Party has addressed Article 4, paragraph 6, of the Paris Agreement (i.e. LD and small island developing states may prepare and communicate strategies, plans and actions for low greenhouse gas emissions development reflecting their special circumstances):	N/A – noting Tokelau's preference to append an NDC to New Zealand's.
Element: How the NDC contributes towards achieving the objective of the Convention as set out in its Article 2	
Sub-element:	Information:
Article 2 of the Convention (i.e. stabilisation of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system):	New Zealand welcomed the IPCC's *Special Report on global warming of 1.5°C*, and the urgency of climate action that we have a duty to respond to. New Zealand's target choice should primarily be guided by the best available scientific knowledge. The IPCC is the definitive source of evidence to support climate change policy development. Its reports represent the best expert assessment of global knowledge on climate change. New Zealand has a duty to respond to the IPCC's conclusion that limiting global warming to 1.5°C "would require rapid and far-reaching transitions" in most human activities; as well as the inclusion of emissions pathways consistent with limiting warming to 1.5 degrees, which have
How the nationally determined contribution contributes towards Article 2, paragraph 1(a), and Article 4, paragraph 1, of the Paris Agreement. (i.e. global temperature goals, including to limit global temperature to 1.5 degrees	

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Celsius):	gained considerable influence as representing what is "necessary" to achieve the aim of the Paris Agreement. The report provided evidence to inform the 2050 target in New Zealand's Climate Change Response (Zero Carbon) Amendment Act, which will be a significant challenge requiring early and more ambitious action across all sectors. The Act has legislated a domestic target out to 2050 that is consistent with 1.5 degrees Celsius. The NDC contributes towards these Articles by acknowledging the contribution of the Talanoa Dialogue. Additionally, there is a planned proposal to request the Climate Change Commission to review our NDC to provide advice about New Zealand's targets (and the NDC target).

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Ministry for the Environment
Manatū Mō Te Taiao

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Communications and engagement approach for the announcement of New Zealand's 2021-2030 NDC update

Date Submitted:	20 February 2020	Tracking #: 2020-B-06477	
Security Level	Restricted	MfE Priority:	Urgent

	Action sought:	Response by:
To Hon James Shaw, Minister for Climate Change	**Discuss** with MfE officials during your meeting on 24 February **Sign** the briefing note and recommendations	Monday 24 February 2020

Actions for Minister's Office Staff	**Return** the signed report to MfE.
Number of appendices and attachments Nil	

Ministry for the Environment contacts

Position	Name	Cell phone	1st contact
Principal Author	Chloe Rumsey		
Responsible Manager	Sarah Deblock	0220124772	✓
Director	Roger Lincoln		

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Communications and engagement approach for the announcement of New Zealand's 2021-2030 NDC update

Key Messages

Purpose

1. The purpose of this briefing is to seek your approval of the key messages and objectives that will feed into a more detailed communications and engagement plan for the update of our 2021-2030 Nationally Determined Contribution (NDC).
2. Parties to the Paris Agreement have committed to communicate or update their NDCs to the UNFCCC Secretariat. New Zealand will update its NDC before the end of March 2020 to meet its international obligations. This update will include a narrative, as well as further information to facilitate clarity, transparency and understanding of the NDC and information on Tokelau's climate contribution [as noted in Summary of changes to the Cabinet paper on updating New Zealand's nationally determined contribution under the Paris Agreement 2020-B-06478].
3. A communications and engagement plan is being developed to ensure a greater public understanding of New Zealand's contribution under the Paris Agreement and to outline the process for updating the NDC this year. This will also raise the possibility that this may be looked at again following advice from the independent Climate Change Commission.
4. In light of the tight timeframe between the adoption of the Zero Carbon Act in November 2019, and the commitment that New Zealand has made to update its NDC before the end of March 2020, it is not possible to conduct an extensive public consultation. You have directed officials to conduct targeted engagement with iwi/Māori and key stakeholders on the NDC update prior to it being submitted to the UNFCCC before the end of March 2020.
5. The targeted engagement will also address some stakeholders' concerns that New Zealand is not increasing the headline number of its NDC at this time.

Objectives of the communications and engagement plan

6. Communicate to iwi/Māori and targeted stakeholders the intended update of New Zealand's 2021-2030 NDC that is being considered by Cabinet;
7. Enhance public understanding of the nature and scale of our NDC;
8. Outline why New Zealand's NDC is challenging and that additional policies will be needed to help us meet our target;
9. Emphasise that New Zealand is one of the first to update its NDC, showing our commitment to the Paris Agreement;
10. Inform partners and key stakeholders of the process for providing input on a possible future update of the NDC following advice from the independent Climate Change Commission.

Key messages of the communications and engagement plan

11. New Zealand has committed to submitting its updated 2021-2030 NDC in March 2020 to the UNFCCC Secretariat under the Paris Agreement.
12. New Zealand's 2021-2030 NDC is to reduce emissions to 30% below 2005 levels across the

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period 2021 – 2030. [1]

a. This is an absolute reduction target managed using an emissions budget approach.

b. This target is a budget-based target, which is often erroneously reported as a single point target.

13. New Zealand's NDC is challenging and more action is needed.

a. We are introducing policies that will help us get there, such as changes to the ETS and we have plans to introduce additional policies such as the Clean Car Discount and Clean Car Standard.

b. We will need to think more about how we will meet the NDC.

14. The Climate Change Commission has been asked to provide advice and recommendations to the government on whether the NDC should change in light of the goa specified in the Zero Carbon Act to limit warming to 1.5 degrees compared to pre industrial levels This advice is expected in early 2021.

15. It may be appropriate for the NDC to be revisited after the Commission has provided its advice, and there will be opportunities for the public to provide input at that time.

Targeted partner and stakeholder engagement approach

16. MfE and MFAT officials will engage directly with iwi/Māori partners, and with key stakeholders from the business and environmental NGO community The purpose is to communicate the updated NDC that New Zealand intends to submit to the UNFCCC before the end of March 2020, clarify any misconceptions, inform the public of the process for the 2021-2030 update, and the role of the Climate Change Commission and the NDC moving forward.

17. This targeted engagement will be carried out prior to New Zealand's NDC submission to the UNFCCC. Feedback from this engagement will be shared with you, and can be used to feed into discussions with your Cabine colleagues

18. Officials plan to hold in-person discussions with key partners and stakeholders, primarily iwi/Māori, businesses and NGOs

19. The engagement will focus on the p oposal that you as the Minister for Climate Change intend to put forward to your colleagues in Cabinet.

20. Practical options for this engagement are currently being explored, in terms of who to meet and when

21. We are also developing material to explain our NDC, and will work with your office to develop some FAQs to address questions that are likely to be raised by the public.

22. We are not planning to release the update to the media until submission of the NDC to the UNFCCC. There may be a risk that the stakeholders we engage with talk to the media about the propo als We will work with your office on a strategy to address this situation should it happen.

[1] We recognise that the concept and wording are complex and it may be difficult to effectively convey this to the public. Alternative methods of communicating this information are being explored, possibly through the use of a graph or infographic. We will share any material with your office prior to engaging with stakeholders and iwi/Māori.

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Recommendations

We recommend that you:

a. **Discuss** the proposed objectives, approach, and key messages to use during the stakeholder engagement during your meeting with MfE officials on 24 February 2020.

Yes/No

b. **Note** that a more detailed communications and engagement plan, including supporting material to present to iwi/Māori and stakeholders, will be discussed with your office prior to the start of any engagement

Signature

Sarah Deblock
Manager
Climate Change Directorate

Hon James Shaw
Minister for Climate Change **Date**

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Document 10

Ministry for the Environment
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Changes to Cabinet paper on updating New Zealand's nationally determined contribution under the Paris Agreement following ministerial consultation

Date Submitted:	27/02/2020	Tracking #: 2020-B-06507	
Security Level	RESTRICTED	MfE Priority:	Urgent

	Action sought:	Response by:
To Hon James Shaw, Minister for Climate Change	**Note** the changes to the Cabinet paper following ministerial consultation **Discuss** with MfE/MFAT officials on Monday 02 March **Lodge** the Cabinet paper by 05 March	02 March 2020

Actions for Minister's Office Staff	**Return** the signed report to MfE
Number of appendices and attachments	Titles of appendices and attachments: 1. Cabinet paper and narrative: Updating New Zealand's nationally determined contribution under the Paris Agreement

Ministry for the Environment contacts

Position	Name	Cell phone	1st contact
Principal Author	Adam Bradshaw		
Responsible Manager	Sarah Deblock	0220124772	✓
Director	Roger Lincoln	0272907625	

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Changes to Cabinet paper on updating New Zealand's nationally determined contribution under the Paris Agreement following ministerial consultation

Key Messages

1. The purpose of this briefing is to provide you with a summary of the changes to the Cabinet paper on updating New Zealand's nationally determined contribution (NDC) following ministerial consultation. The updated Cabinet paper has several amendments:

    a. Officials' advice to continue using 100-year Global Warming Potentials (GWPs) from the IPCC's Fourth Assessment Report (AR4), rather than the Fifth Assessment Report (AR5);

    b. Alignment of language in the Cabinet paper with the communications and engagement plan;

    c. s 9(2)(g)(i)

    d. Inclusion of New Zealand's complete NDC in Appendix 1

Use of Global Warming Potentials from the IPCC's Fourth Assessment Report

2. Previous advice from officials recommended that New Zealand use AR5 GWPs for accounting for the NDC [2020-B-06453 refers]. Following further consultation, officials' advice is that New Zealand should continue to use GWPs from AR4 for accounting.

3. This reflects New Zealand's commitment to following rules that have been agreed on at the international level. The international community has not yet agreed on which of the two AR5 GWPs are to be used in greenhouse gas inventory reporting under the Paris Agreement.

4. Work at the international level to specify which GWPs from AR5 are to be used, is ongoing. This is scheduled to conclude by the end of 2020, although a final decision may be delayed to 2021.

5. A move to AR5 now could risk reporting and accounting falling out of line with the international community.

6. Although officials advise that AR4 GWPs are used for this update, all Parties to the Paris Agreement, including New Zealand, are free to update their NDCs at any time. When rules on AR5 GWPs are agreed internationally, New Zealand can then choose to align with these rules in accounting for its 2021-2030 NDC for comparability and consistency with other countries. As noted in the Cabinet Paper **[paragraph 33]**, New Zealand must use AR5 GWPs for the second and subsequent NDCs.

7. By continuing to use AR4, emissions in the base year (2005), the 2021-2030 projected emissions budget, and the abatement task, will not change from New Zealand's original NDC submission.

8. In previous versions of the Cabinet paper, numbers from AR5 were used. All appropriate updates have been made to the Cabinet paper and NDC to reflect the advice to continue using AR4. The **recommendation** in the Cabinet paper, previously noting that officials propose using AR5 GWPs, has been removed from the Cabinet paper.

Alignment of language to address domestic and international criticism

9. Feedback received by officials emphasised that the Cabinet paper did not adequately analyse the public perception risks around not increasing the NDC's headline number.

10. To address and mitigate these risks, **paragraphs 59-63** of the Cabinet paper underline the

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recent request to the Climate Change Commission, and the communications and engagement plan under development.

s 9(2)(g)(i)

11. s 9(2)(g)(i)

12.

Inclusion of New Zealand's complete NDC in Appendix 1

13. The table directly following the cover page of New Zealand's NDC forms part of the NDC and was not included in versions of the NDC to date. To be as explicit as possible in terms of what our NDC actually states, and to avoid our NDC update providing less information than what was submitted in 2016, we have added this additional information from the initial NDC to this NDC update. This has been updated in **Appendix 1**.

Recommendations

14. We recommend that you:

a. **Note** the changes to the updated Cabinet paper following ministerial consultation

b. **Discuss** the Cabinet Paper and NDC submission with MfE/MFAT officials during your meeting on 02 March

c. **Agree** to lodge the updated version of the Cabinet paper by 05 March

yes/no

Signature

Roger Lincoln
Director
Climate Change Directorate

Hon James Shaw
Minister for Climate Change **Date**

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Restricted

Office of the Minister for Climate Change

Chair, Cabinet Environment, Energy and Climate Committee

Updating New Zealand's Nationally Determined Contribution under the Paris Agreement

Proposal

1. Parties to the Paris Agreement have committed to communicate or update their Nationally Determined Contributions (NDCs) by March 2020. In 2016, New Zealand ratified the Paris Agreement and we submitted our NDC which covers a ten year period from 1 January 2021.
2. I seek Cabinet's approval to submit an update of New Zealand's 2021-2030 NDC to the United Nations Framework Convention on Climate Change (UNFCCC). (Appendix 1).
3. I propose to return to Cabinet in early 2021 following advice from the Climate Change Commission on whether New Zealand's NDC should change to bring it in line with the global temperature goal of 1.5°C and, if so, how.
4. I propose to enhance New Zealand's existing NDC with a narrative highlighting our 2050 target and other domestic action, further technical information to facilitate clarity, transparency and understanding of the NDC, and information on Tokelau's climate contribution. This does not change the headline number of the emissions reduction target component of New Zealand's NDC, nor will it confer additional obligations on New Zealand.

Executive summary

5. New Zealand's NDC target under the Paris Agreement is to reduce emissions to 30 per cent below 2005 levels by 2030. This is an absolute reduction target managed using an emissions budget approach across the period 2021-2030. This means we will be responsible for reducing emissions to that level on average throughout our entire NDC period.[1]
6. Cumulatively, existing NDCs do not represent sufficient ambition to limit warming to 1.5°C and there is a clear need for greater global action on climate change. Parties to the Paris Agreement, including New Zealand, have committed to communicate or update their NDCs by March 2020.
7. It is also an opportunity for New Zealand to affirm its full commitment to global action to limit warming to 1.5°C, and communicate our extensive domestic action on climate change.
8. I propose that New Zealand updates its NDC with information on our changed domestic context, particularly the Climate Change Response (Zero Carbon) Amendment Act (Zero Carbon Act) 2050 target. This 2050 target is compatible with limiting warming to 1.5°C. In addition to a narrative highlighting domestic action, I propose to enhance the NDC with

[1] This is a "responsibility target", meaning that the target could be met through a combination of domestic emissions reductions, purchases of international units and domestic sinks. Domestic sinks means any process, activity or mechanism which removes a greenhouse gas.

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technical information to improve understanding of the challenge it encompasses for New Zealand. I seek Cabinet's agreement to submit the 2021-2030 NDC update (Appendix 1) to the UNFCCC.

9. In 2017, Tokelau asked New Zealand to extend its territorial application of both the UNFCCC and Paris Agreement to Tokelau, which means New Zealand's reporting now includes Tokelau. Officials are working with Tokelau on how to appropriately include Tokelau's climate contribution as part of New Zealand's 2021-2030 NDC update. I seek Cabinet's agreement for delegated authority to the Minister for Climate Change and the Minister of Foreign Affairs to approve the Tokelauan content, once it is available.

10. There is a high likelihood that New Zealand's NDC update may be received negatively by some countries and commentators, as it does not raise the headline level of our emissions reduction budget for 2030. Our NDC update seeks to mitigate this by highlighting New Zealand's enhanced domestic action, and by improving understanding of the nature and scale of our NDC. Other developed countries have also planned a similar approach to their updated NDCs, such as Switzerland. Despite the apparent risk of being negatively received, Switzerland's recently submitted NDC update that indicated that the headline target would not change, was received favourably by international commentators due to its timely submission.

11. I had originally planned on revisiting the NDC's ambition in 2019, but deferred due to delays to the Zero Carbon Act which consequently delayed the establishment of the Climate Change Commission. The Commission will provide independent, expert advice, including on New Zealand's climate change targets.

12. Although we have committed to this update in 2020 under the Paris Agreement, New Zealand is able to amend our NDC at any stage. We are not limited in opportunities to revise our target, only on the nature of the revision as we need to demonstrate progression and increased ambition over time. This is set out in Article 4(11) of the Paris Agreement, which states that a Party may at any time adjust its existing nationally determined contribution with a view to enhancing its level of ambition.

13. I have requested the Climate Change Commission provide advice and recommendations to the Government on whether the NDC should change to bring it in line with the global 1.5°C temperature goal and, if so, how. Following the Commission's advice, it may be appropriate for the NDC target to be revisited, but this advice will not be available prior to 2021.

Background

New Zealand is committed to ambitious climate action and the Paris Agreement

14. The Paris Agreement was designed to ensure that all countries, no matter how big or small, contribute to keeping average global temperature increase to well below 2°C above pre-industrial levels, and pursuing efforts to limit the temperature increase to 1.5°C.

15. NDCs represent each country's contribution to these global temperature limits. NDCs are required to show a country's highest level of ambition to reduce global emissions, a progression on previous efforts, and to be more ambitious over time.

16. New Zealand's NDC represents our international contribution to mitigating climate change. It is a waypoint on a long-term journey towards the 2050 targets we set under the Zero Carbon Act, which are consistent with 1.5°C. It also sets us on a path aligned with the Paris Agreement's Article 4(1) objective for Parties to aim for carbon neutrality – balancing emissions and removals – in the second half of the century.

17. New Zealand's NDC is to reduce emissions to 30 per cent below 2005 levels by 2030. New Zealand's projected total emissions across the period 2021-2030 are 783 Mt CO_2-e,

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with an expected emissions budget of 601 Mt CO_2-e. Accordingly, the estimated abatement or sequestration needed over that ten year period is 182 Mt CO_2-e.

18. New Zealand's NDC is a "responsibility target", meaning that the target could be met through a combination of domestic emissions reductions, emissions removals (e.g. from forestry and other land use), and access to international carbon markets. We do not need to make decisions on how we will meet our NDC at this stage.

Enhancing NDCs in 2020

19. As outlined above, Parties to the Paris Agreement have committed to communicate or update their NDCs in 2020. There are increasing calls for these updates to "enhance" the ambition of NDCs.

20. Enhancement can be interpreted as increasing the headline number of the NDC target, aligning the NDC's implementation with long-term goals and/or by providing enhanced information to improve transparency[2] and understanding of NDCs.[3]

The need for increased global ambition

21. The Paris Agreement remains the most important forum for addressing climate change. It has near universal membership and continues to attract significant public and media interest. With the Paris "rulebook" largely finalised over the past two years, attention is increasingly focusing on the Agreement's implementation. Many countries, including New Zealand, have made efforts to implement the Paris Agreement by putting in place comprehensive domestic policies and measures and long-term climate goals.

22. Despite this, 2020 will be an important test for the Paris Agreement as current NDCs do not cumulatively represent sufficient action to limit warming to 1.5°C[4] and there is mounting evidence that urgent action is needed to significantly reduce global emissions before 2030 in order to meet the 1.5°C goal.[5]

23. New Zealand actively works to address the "global ambition gap". The 2018 Talanoa Dialogue sought to influence countries to increase their ambition when updating their NDCs. New Zealand acknowledged the significant gap between current global emissions and the 1.5°C scenario, endorsing the Talanoa Call to Action at COP24. The United Nations Secretary-General's (UNSG) Climate Action Summit 2019 also pushed for increased action and ambition of NDCs. New Zealand played a significant role through co-leading the Nature Based Solutions pillar with China, encouraging countries to "unlock the full potential of nature in climate action."

24. Calls for increased ambition featured last year at COP25 in Madrid[6] and I expect global ambition and Parties' updated NDCs to be in the spotlight at COP26 in Glasgow in November 2020. The European Union (EU) has announced that it will increase its NDC from a 40 per cent to a 55 per cent reduction from 1990 levels by 2030. Similarly, Norway has recently announced that they will increase their NDC from a 40 per cent to a 50-55 per cent reduction by 2030. S6(b) [redacted]

[2] More specifically, to improve "clarity, transparency and understanding" as per UNFCCC decision 4/CMA.1.

[3] World Resources Institute (2019). *Enhancing NDCs: A Guide to Strengthening National Climate Plans by 2020.*

[4] This has been illustrated in a number of reports, including the recent UNEP Emissions Gap Report 2019 which found that countries would need to increase their 2030 climate plans more than fivefold to limit global temperature rise to the 1.5°C goal of the Paris Agreement.

[5] The IPCC Special Report on 1.5°C found that in pathways limiting global warming to 1.5°C, global net human-caused emissions of carbon dioxide fall by about 45 per cent from 2010 levels by 2030, reaching 'net zero' around 2050. This means that any remaining emissions would need to be balanced by removing CO_2 from the air.

[6] Global ambition featured in the COP's outcome the *Chile Madrid Time for Action* (Decision 1/CP.25 and 1/CMA.2).

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25. There are signals that others will follow suit, including s 6(a) . Some others, like s 6(a) do not plan to increase their headline numbers but to enhance their NDCs with additional information to provide a narrative and align NDC implementation with their long-term climate goals. Switzerland has recently submitted their NDC update and indicated that the headline number would not change.

Analysis

Approach to updating New Zealand's NDC in 2020

26. New Zealand's NDC is short and succinct. Its structure has been modelled on how Parties to the Kyoto Protocol communicated their commitments. However, our existing NDC is not well understood. Public commentators often mischaracterise the nature and ambition of our NDC, which is then reported in domestic media coverage.[7]

27. Some Parties to the Paris Agreement have used, or plan to use, their NDCs to describe their approach to climate action, beyond an emissions reduction target. I propose that New Zealand enhance its NDC by providing increased information on our climate action, and its contribution towards limiting global temperature rise to 1.5°C.

28. The proposed update of the NDC was guided by the following principles:

- New Zealand's commitment to limiting global temperature rise to 1.5°C (rather than 2°C);
- The NDC should effectively communicate the challenging nature of New Zealand's contribution to the global effort including through our domestic policies and measures;
- The NDC should be enduring in nature and reflect the fact that domestic policies and actions may change or evolve over time, for example in response to the independent Climate Change Commission's advice, or due to technological advancements;
- The NDC should be clearly communicated to ensure understanding of the technical elements of the NDC and how these enhance ambition, for example the implications of taking an absolute emissions budget approach, rather than a single year target;
- The NDC should not prejudge how New Zealand will meet our NDC, but should continue to keep the option of using international carbon markets open for future governments, as a way to supplement domestic action.

Proposed NDC update

29. I seek Cabinet's agreement to the update of New Zealand's NDC contained in Appendix 1. This update reflects the principles outlined above. It highlights some of New Zealand's domestic developments and international contributions that illustrate the ambition of our climate action, and includes technical information to improve understanding of our NDC.

[7] For example, Climate Action Tracker's report on New Zealand mischaracterises New Zealand's NDC to represent a weaker emissions reduction target than it actually is, by representing it as a 2030 single year target instead of a 2021-2030 budget period.

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30. The key messages that I propose to communicate in the NDC update are summarised below:

- New Zealand is committed to playing its part and taking action on climate change as part of the global effort through the Paris Agreement and in line with the IPCC Special Report on 1.5°C and the Talanoa Dialogue Call to Action.
- New Zealand has enhanced its NDC with information on our domestic context including the Zero Carbon Act framework, and the 2050 targets.
- The 2050 targets will drive New Zealand's transition to a low emissions, climate resilient future and support New Zealanders to make decisions that will reduce emissions and promote climate resilience. Our NDC is our international contribution to climate change and a waypoint on a long-term journey towards our 2050 targets.
- Our domestic mitigation targets address long-lived and short-lived gases appropriately, considering scientific understanding of their different effects. We will take strong action on long-lived gases as these emissions remain in the atmosphere for centuries, increasing in concentration as long as the gases continue to be emitted and largely determine long-term warming.
- New Zealand's national circumstances directly relate to our emissions profile. New Zealand's population and economy are predicted to continue growing. The largest contributors to these emissions are the agriculture (48 per cent) and energy (41 per cent) sectors. New Zealand has a high proportion of renewable electricity generation (80 to 85 per cent).
- Achieving New Zealand's NDC target will be challenging. New Zealand's NDC under the Paris Agreement is to reduce emissions to 30 per cent below 2005 levels by 2030. As the NDC is an absolute emissions reduction target managed using an emissions budget approach, this means New Zealand will be responsible for reducing emissions across the entire NDC period, 2021-2030. This would make us responsible for reducing emissions by 182 million tonnes, which equates to around a quarter of our projected total emissions between now and 2030.[8]
- The 2021-2030 NDC is a waypoint on a journey toward the long-term 2050 target. New Zealand is set to reduce emissions of biogenic methane to 24-47 per cent below 2017 levels by 2050, and net emissions of all other greenhouse gases to zero by 2050. This includes an interim step to reduce biogenic methane emissions to at least 10 per cent below 2017 levels by 2030. Correspondingly we will need to contribute a significant reduction in long-lived gases, estimated at around 43 per cent below 2017 levels, by 2030 after accounting for projected forestry removals. Note that this figure is highly sensitive to updates and it does not represent a new target for 2030.
- New Zealand's NDC is a "responsibility target", meaning that the target could be met through a combination of domestic emissions reductions, emissions removals, and access to international carbon markets.
- We are putting in place the policies we need with a comprehensive package of domestic action that cover all parts of our emissions profile. These are supported by legislation and processes to reduce emissions and guide our transition, such as the independent Climate Change Commission, Climate Implications of Policy Assessment requirements, and a strengthened New Zealand Emissions Trading Scheme (NZ ETS).

[8] Based on projections in New Zealand's 4th Biennial Report, 2019.

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31. New Zealand will continue to use Global Warming Potentials (GWPs) from the IPCC's Fourth Assessment Report (AR4) for accounting for the NDC.

32. The international community is expected to agree to specify which 100-year GWPs from the IPCC's Fifth Assessment Report (AR5) are to be used in greenhouse gas inventory reporting under the Paris Agreement. This will flow through into NDC accounting. This work is scheduled to conclude by the end of 2020, although a final decision may be delayed to 2021. New Zealand is committed to following the reporting and accounting rules that are agreed under the Paris Agreement, and once a decision is made on the application of GWPs, New Zealand will be in a position to bring its reporting and accounting into line.

33. Parties to the Paris Agreement can update their NDCs at any time as long as the ambition doesn't decrease. When rules on AR5 GWPs are agreed internationally, New Zealand can then choose to align with this in accounting for its 2021-2030 NDC for comparability and consistency with other countries, including with inventory reporting for that period. The accounting guidance agreed at COP24 specifies that AR5 must be used for second and subsequent NDCs and that Parties may elect to apply such guidance to their first NDC[9].

34. The move to AR5 GWPs for accounting for the first NDC will change the abatement task in our NDC. Using AR5 GWPs will change emissions in the base year (2005), the 2021-2030 projected emissions budget, and, accordingly, the abatement task.

Including Tokelau in New Zealand's NDC

35. Officials have also consulted the Government of Tokelau, to ensure that Tokelau's climate contribution is appropriately included in New Zealand's 2021-2030 NDC update. This reflects that New Zealand's application of the Paris Agreement was extended to Tokelau in 2017 and that Tokelau is now included in New Zealand's international greenhouse gas reporting.

36. Tokelau has indicated that it wishes to be included in our NDC update. The Ministry of Foreign Affairs and Trade (MFAT) is working with Tokelauan officials to ensure Tokelau is appropriately included. Tokelauan officials have advised that they will provide their submission on 17 March 2020. Therefore, I propose that Cabinet delegate authority to the Ministers of Climate Change and Foreign Affairs to approve Tokelauan content.

Timing considerations

37. s 9(2)(h) [redacted] There are, however, indications that other countries may not be planning to meet this deadline.

38. I may need to exercise some flexibility over the timing in order to include Tokelau's climate contribution and to coordinate with the timing of countries which are taking a similar approach to New Zealand.

Revisiting the NDC's ambition in future

39. Under the Paris Agreement, Parties are required to communicate an NDC every five years. All Parties to the Paris Agreement, under article 4(11), are able to review and resubmit their NDC at any stage and NDCs are expected to be progressive (i.e. represent an increase in ambition over time).

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[9] Through Katowice Decision 4/CMA.1 UNFCCC Parties agreed specific and detailed guidance on the information to be provided in NDCs and strongly encouraged Parties to provide this information in relation to their first NDCs, including those communicated or updated by 2020. The decision didn't specify however which AR5 GWP was recommended for countries to use, and this decision is still to be made by the international community.

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40. Any decision on changing the NDC should take into account the Climate Change Commission's advice on emissions budgets, and this was not possible for this first NDC update.

41. I have requested the Climate Change Commission provide advice and recommendations to the Government on whether the NDC should change to bring it in line with the global 1.5°C temperature goal and, if so, how. It may be appropriate for the NDC target to be revisited following the Commission's advice.

42. New Zealand's second NDC is due to be submitted in 2025, to cover the period 2031-2035. Our second NDC will be informed by the Commission's advice.

Consultation

43. This paper was prepared by the Ministry for the Environment, with input from the Ministry of Foreign Affairs and Trade.

44. The Treasury, the Ministry for Primary Industries, Te Arawhiti, the Department of the Prime Minister and Cabinet and the Ministry of Business, Innovation and Employment were consulted in its preparation. Te Puni Kōkiri have been informed. Where feedback was received it is reflected in this paper.

45. Officials are investigating whether to adopt a land-based (similar to reporting of all land-uses in the Land-Use, Land-Use Change and Forestry sector) or an activity-based approach (similar to accounting under the Kyoto Protocol) to accounting under the Paris Agreement. The decision on the approach taken will be part of He Waka Eke Noa's investigation into the recognition of on-farm sequestration. Officials will provide an initial assessment within the report back to Cabinet in April 2020 on potential options for domestic incentives. Ministers will report back in 2022 on how and what type of removals could be recognised, as part of developing a farm level pricing scheme. Extending coverage to account for non-forest vegetation also aligns with the Paris Agreement principles of increased inclusion of emissions and the approaches taken within most other developed countries' NDCs.

46. In 2015, the Government went through a comprehensive process to formulate the NDC. This included stakeholder and Māori consultation, economic modelling of the impact of the NDC on our economy and households, and the cost of our effort. There was also consideration of factors such as national circumstances, historical responsibility for climate change, carbon dioxide emissions per capita versus all-greenhouse gas emissions per capita, and national GDP.

47. In 2018, the Government released the *Our Climate Your Say: Consultation on the Zero Carbon Bill* which received more than 15,000 submissions on New Zealand's 2050 target and the Zero Carbon Bill. In 2019, the Environment Select Committee had nearly 11,000 written and oral submissions on the Zero Carbon Bill. The Committee heard from parents, students, scientists, farmers, academics, health professionals, activists, iwi, local government and businesses.

48. I believe that I have consulted extensively on the framework for delivering New Zealand's climate action out to 2050, which culminated in the Zero Carbon Act's near unanimous adoption late last year. I view the NDC as a component of this wider climate policy framework, and a waypoint on our transition to a low emissions, climate resilient Aotearoa. My proposal is therefore to enhance the NDC with information reflecting the matters covered by the Zero Carbon Bill consultation without undertaking further comprehensive consultation.

49. However, I recognise that there are stakeholders with a strong interest in New Zealand's climate ambition, including the NDC, and this is also an issue highly relevant to Māori. I have directed officials to undertake targeted discussions and meetings after Cabinet's

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decision on the NDC update, to explain our approach to enhancing our NDC and share the narrative outlined above with key stakeholders and iwi/Māori. Independently, the Climate Change Commission will be engaging with public, iwi/hapū/Māori, industry, technical experts, special interest groups, sector lead groups and other interested parties on the NDC later in 2020.

50. s 9(2)(h) [redacted]

Financial implications

51. There are no financial implications from the proposals in this paper.

Legislative implications

52. There are no legislative implications from this paper.

Regulatory impact analysis

53. The RIA requirements do not apply as there are no regulatory implications from this paper.

Climate implications of policy assessment

54. The Ministry for the Environment confirms that the CIPA requirements do not apply to this proposal.

Gender implications

55. There are no gender implications arising from this paper.

Disability perspective

56. There are no disability implications arising from this paper.

Treaty of Waitangi

57. I understand the issue of climate change and its effects is highly relevant to Māori. In our domestic setting this is being addressed, *inter alia*, through the Zero Carbon Act and the development of New Zealand's first climate change risk assessment. Climate change and its effects will have an impact on all New Zealanders, however, in relation to Article II interests, Māori will likely be impacted in the exercise of their customs and culture in relation to the local environment.

58. MfE is working with Māori to co-design a process that seeks to ensure climate-related policy, and mitigation and adaptation strategies, and adequately support climate resilience and the particular needs of Māori in local communities throughout Aotearoa New Zealand. An Interim Establishment Committee is now being formed to engage widely and inclusively with iwi/Māori on the proposed process, and to oversee its establishment phase.

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Publicity

59. As earlier noted, there is a high likelihood that New Zealand's NDC update will be criticised by commentators in New Zealand and overseas, as it does not raise the headline level of our emissions reduction target for 2030. Equally, this is a risk shared by some other developed countries which plan a similar approach.

60. I have directed officials to design a communications and engagement plan to guide engagement with iwi/Māori and targeted stakeholders to enhance public understanding of the 2021-2030 NDC. Furthermore, the narrative accompanying the NDC update as detailed in appendix 2, and the information to facilitate clarity, transparency, and understanding of NZ's NDC as detailed in appendix 3, will help minimise the risks of misinterpretation.

61. The communications and engagement plan will describe the nature and scale of our NDC, outline why the NDC is challenging, emphasise that New Zealand is one of the first to update its NDC, and highlight New Zealand's ambitious domestic action.

62. To further communicate our strong commitment to addressing climate change, the Climate Change Commission will provide independent advice to the Government on whether the NDC is compatible with the global 1.5°C temperature goal. If advice concludes that it is not compatible, the Commission will provide the Government with recommendations to align the NDC with the global temperature goal. There may be another update of the NDC after that stage, in 2021.

63. There will be a chance for the public to have their say on the NDC in late 2020, as part of the Commission's work.

Proactive Release

64. I propose to proactively release this paper on the Ministry for the Environment's website in whole, subject to redactions as appropriate equivalent to those under the Official Information Act 1982, once public announcements have been made.

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Recommendations

The Minister for Climate Change recommends that the Committee:

1. **Note** the need for enhanced global action on climate change to limit warming to no more than 1.5°C above pre-industrial levels;
2. **Note** that New Zealand's NDC is to reduce emissions to 30 per cent below 2005 levels by 2030, managed using an emissions budget approach across the period 2021-2030;
3. **Note** that New Zealand is has committed to provide an updated NDC to the UNFCCC Secretariat by March 2020**;**
4. **Note** that the updated NDC in Appendix 1 enhances New Zealand's NDC with a narrative highlighting our 2050 target and other domestic action, as well as further technical information to enhance clarity, transparency and understanding of our NDC, and that it does not change the headline number of New Zealand's NDC nor will it confer additional obligations on New Zealand;
5. **Agree** to submit an update to New Zealand's 2021-2030 NDC as contained in Appendix 1 to the Secretariat of the United Nations Framework Convention on Climate Change;
6. **Note** that in 2017 New Zealand's application of the Paris Agreement was extended to include Tokelau and that Tokelau has indicated they would like to include their climate contribution as part of New Zealand's NDC update, but that their contribution requires more time to collate;
7. **Authorise** the Ministers of Climate Change and Foreign Affairs to approve the Tokelauan content once available for inclusion in New Zealand's update;
8. **Note** that the Minister for Climate Change has requested the Climate Change Commission to provide advice and recommendations to the Government on whether the NDC should change to bring it in line with the global 1.5°C temperature goal and, if so, how;
9. **Request** the Minister for Climate Change to return to Cabinet in early 2021 following receipt of the Climate Change Commission's advice on the NDC;
10. **Note** that officials will discuss the NDC with key stakeholders and iwi/Māori, following Cabinet's decision on the NDC update.

Authorised for lodgement.

Hon James Shaw
Minister for Climate Change

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Appendix 1: New Zealand's enhanced 2021-2030 NDC

NEW ZEALAND

Submission under the Paris Agreement
New Zealand's Nationally Determined Contribution
DD MM 2020

New Zealand hereby communicates our Nationally Determined Contribution (NDC) under the Paris Agreement for the period 2021 to 2030.

New Zealand commits to reduce greenhouse gas emissions to 30 per cent below 2005 levels by 2030, managed using a multi-year emissions budget.

We have enhanced New Zealand's NDC with contextual information about our long-term domestic climate change action aiming to limit global temperature increases to no more than 1.5°C above pre-industrial levels (rather than 2°C).

Our NDC is additionally enhanced with further information to facilitate clarity, transparency and understanding of New Zealand's NDC (decision 4/CMA.1 refers).

New Zealand intends to communicate our adaptation efforts under the Paris Agreement in alternative documents to the NDC (decision 9/CMA.1 refers).

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Time period	2021 to 2030
Type of commitment	Absolute reduction target managed using a carbon budget.
Target reference year	2005
Reduction level	Emissions will be reduced to 30 per cent below 2005 levels by 2030.
Scope and coverage	This responsibility target is economy-wide covering all sectors: • Energy • Industrial processes and product use • Agriculture • Forestry and other land use • Waste and all greenhouse gases: • CO_2 • HFCs • N_2O • CH_4 • PFCs • NF_3 • SF_6
Methodological approaches for estimating anthropogenic greenhouse gas emissions and removals	This NDC applies 100 year Global Warming Potentials (GWPs) from the IPCC 4th assessment report, and methodologies from the IPCC 2006 greenhouse gas inventory guidelines and the 2013 IPCC KP Supplement.

Use of market mechanisms and cooperative approaches

In meeting its target New Zealand intends to use international market mechanisms, cooperative approaches and carbon markets that enable trading and use of a wide variety of units/emission reductions/mitigation outcomes that meet reasonable standards and guidelines to:

- ensure the environmental integrity of emissions reductions generated or purchased
- guard against double-claiming/double-counting, and
- ensure transparency in accounting and governance.

Approach to accounting for forestry and other land use

New Zealand's preferred approach for accounting for forestry and other land use sector is described below (as per its INDC). This approach sets out core assumptions and is provided in advance of discussions on an international rule-set that would apply after 2030, and that could also apply to New Zealand's first NDC. We reserve the right to adjust our selection of methodologies, without reducing ambition. New Zealand's approach to forestry and other land use accounting will be fully described in its first communication under the Paris Agreement.[10]

Methodologies	New Zealand's assumed accounting for the forestry and other land use sector will be based on a combination of the 2006 IPCC Guidance and the 2013 IPCC Kyoto Protocol Supplement, providing for Kyoto Protocol accounting approaches to be applied to the greenhouse gas inventory land-based categories. New Zealand's existing activity start year of 1990 will continue to apply, ensuring continuity of action with previous commitments.

[10] The first communication being the submission of the first biennial transparency report (BTR1) and national inventory report, as required under the Paris Agreement, at latest by 31 December 2024.

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	New Zealand's forestry and other land use approach assumes accounting will be either land or activity based, and will apply existing IPCC methodologies to distinguish areas subject to direct human-induced change from those under pre-existing management, as follows: a. Forests established from the activity start year will continue to be accounted for as they would under the Kyoto Protocol, but once they attain their long-term average carbon stock, taking into account all carbon pools and activities, the forest will transfer to the Forest management/Forest remaining forest category, where it will be accounted for under a business-as-usual reference level. New Zealand will continue to account for all deforestation emissions. b. Forests established before the activity start year will continue to be accounted for under a business-as-usual reference level, as per the Kyoto Protocol, to address the dynamic effects of age structure resulting from activities and practices before the reference year, and the ongoing cycles of forest harvest and regrowth that occur as part of normal, sustainable forest management. c. Accounting provisions to address natural disturbance, land-use flexibility, legacy effects, non-anthropogenic effects and additionality since the activity start year will also continue to apply, building on existing guidance. Harvested wood products accounting will be based on the production approach. New Zealand's forestry and other land use approach builds on experience with accounting under the Kyoto Protocol to recognise and focus on additional action, and will create incentives for the establishment of new forests, recognise permanent, long-term enhancements of carbon sinks resulting from new management, and take responsibility for deforestation, while accommodating the long-term cycles in net emissions and removals that arise from sustainable forest management.

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Appendix 2: Contextual information accompanying New Zealand's NDC

New Zealand is committed to taking decisive action on climate change, with our first NDC constituting our international contribution to reduce emissions in the near-term. Our NDC target is a multi-year emissions budget to reduce emissions to 30 per cent below 2005 levels by 2030. We will account for all emissions in the years between 2021 and 2030, not only in the target year (2030). It is the total amount emitted altogether that matters most for addressing climate change. With gross emissions under current settings estimated to be 783 million tonnes of carbon dioxide-equivalent over the NDC period, we are likely to have an emissions budget of 601 million tonnes. This would make us responsible for reducing emissions by 182 million tonnes, which equates to around a quarter of our projected total emissions between now and 2030.

Our 2021-2030 NDC is the third emissions reduction target New Zealand has taken internationally. We previously set and met our target for 2008-2012 under the Kyoto Protocol, and are on track to meet our target for 2013-2020 under the United Nations Framework Convention on Climate Change.[11] Each of New Zealand's international targets have exceeded the last, and our first NDC target again represents progression beyond our 2013-2020 target.

New Zealand plans to achieve our 2021-2030 NDC target, by prioritising domestic emissions reductions across all sectors and greenhouse gases and increasing carbon dioxide removals through forestry. We may supplement our efforts by using international carbon markets with environmental integrity. Cooperating with other countries will enable us to contribute to greater global emissions reductions.

New Zealand's national circumstances include trends of continuing growth of our population and economy, along with our gross emissions. The largest contributors to these emissions are our agriculture (48 per cent) and energy (41 per cent) sectors. Given our existing high proportion of renewable electricity generation (80 to 85 per cent), this means New Zealand has a challenging task ahead. We are mindful, however, that a successful transition to a low emissions, climate-resilient future will require us to overcome these challenges and to capitalise on the opportunities instead.

New Zealand is focused on the Paris Agreement goal of pursuing efforts to limit global temperature increase to 1.5°C above pre-industrial levels. The benefits of staying within 1.5°C, and making far-reaching and rapid transformations, are clearly outlined in the Intergovernmental Panel on Climate Change *Special Report on Global Warming of 1.5°Celsius* and reiterated in the Talanoa *Call to Action*. New Zealand has taken on board these findings in the development of its domestic policy planning; we are placing the objective of 1.5°C at the heart of our response.

Our Climate Change Response (Zero Carbon) Amendment Act 2019 legislates a 2050 emissions reduction target consistent with the 1.5°C threshold, and our 2030 NDC is a waypoint on a journey toward this long-term goal. In keeping with the science, New Zealand is emphasising reductions in the long-lived gases that largely determine long-term warming of the climate. Our 2050 target is therefore set to reduce: emissions of biogenic methane to 24-47 per cent below 2017 levels by 2050, and net emissions of all other greenhouse gases to zero by 2050. It also includes an interim step to reduce biogenic methane emissions to at least 10 per cent below 2017 levels by 2030. New Zealand correspondingly will need to contribute a significant reduction in long-lived gases (currently

[11] New Zealand's 2008-2012 target was to reduce emissions to 1990 levels on average over the Kyoto Protocol First Commitment Period; New Zealand's 2013-2020 target is to reduce emissions by 5 per cent below 1990 levels by 2020.

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estimated at around s 9(2)(g)(i) below 2017 levels, by 2030 after accounting for projected forestry removals.

Our 2050 target sits within a broader framework that will enable New Zealand to develop and implement clear and stable climate change policies over time. In addition to the 2050 target, the Zero Carbon Act framework: establishes a system of successive emissions budgets and plans to act as stepping stones toward our 2050 target; establishes a Climate Change Commission to provide independent advice to the Government and monitor our progress toward long-term climate goals; and institutes adaptation measures. The framework aligns New Zealand's transition to the objectives of the Paris Agreement, including balancing emissions and removals in the second half of the century, and supports our commitments to the Carbon Neutrality Coalition. The framework also provides opportunities to reflect on our ambition, with our Climate Change Commission able to advise on any necessary enhancements.

In addition to this overarching framework, New Zealand has put in place a suite of domestic policies to achieve our climate change targets that cover all sources of our emissions. These policies are designed to reduce emissions in an enduring and comprehensive way, although may need adjusting over time as new technologies become available, our national circumstances evolve, other policies are developed, and we receive expert advice from our Climate Change Commission. Some of our key policies at this time include, among many others:

- strengthening our primary tool to reduce emissions, the New Zealand Emissions Trading Scheme, to align its purpose with our Zero Carbon Act framework and the Paris Agreement, and limiting global warming to 1.5°C.
- pricing our agricultural emissions from 2025 onwards.
- requiring government agencies to disclose the greenhouse gas emissions impacts of new policies through Climate Implications of Policy Assessments.
- increasing afforestation as a Nature Based Solution, by improving the NZ ETS afforestation incentive, and encouraging planting the right trees in the right place for the right purpose through the One Billion Trees (by 2028) programme.
- accelerating investment in low emissions solutions through Green Investment Finance Limited and developing a mandatory regime for the disclosure of climate-related financial risks and opportunities.

Beyond our 2021-2030 NDC target, we will continue working with other countries to galvanise and facilitate greater ambition through collaborative initiatives. This includes advocating for ambitious and effective disciplines on inefficient fossil fuel subsidies, employing trade policies, practices and rules to achieve the goals of the Paris Agreement (such as the Agreement on Climate Change, Trade and Sustainability), and committing resources to undertake research and develop technologies for growing more food without growing greenhouse gas emissions (such as the Global Research Alliance on Agricultural Greenhouse Gases).

New Zealand extended its ratification of the UNFCCC and the Paris Agreement to include Tokelau as of 13 November 2017, and **we welcome Tokelau's contribution to addressing climate change.** Tokelau is particularly vulnerable to climate change, and as a small set of atolls, committed to tackling climate change. Tokelau was included in New Zealand's greenhouse gas reporting in 2017, setting a positive example of transparency of its emissions and commitments. Tokelau's contribution represents further action still.

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Appendix 3: Information to facilitate clarity, transparency and understanding of New Zealand's NDC

Quantifiable Information on the reference point and a base year	
Sub-element:	Information:
Reference year(s), base year(s), reference period(s) or other starting point(s):	Base year: 2005
Quantifiable information on the reference indicators, their values in the reference year(s), base year(s), reference period(s) or other starting point(s), and, as applicable, in the target year:	Total emissions in base year (2005): provisional estimate 83.270 (Mt CO2-e)[12]
Information on sources of data used in quantifying the reference point(s):	Base year emissions will be taken from the most recently reviewed national inventory report at the time that New Zealand submits its first biennial transparency report under the Paris Agreement. GWP 100 from the IPCC 4th Assessment Report
Information on the circumstances under which the Party may update the values of the reference indicators:	The most up to date estimate of base year emissions will be used when New Zealand submits its first biennial transparency report under the Paris Agreement. Until then the base year emissions estimate remains provisional
Timeframes and/or periods for implementation	
Sub-element:	Information:
Time frame and/or period for implementation, including start and end date:	Period covered by NDC: 2021 to 2030.
Whether it is a single-year or multi-year target:	Multi-year target, managed using an emissions budget approach to account for emissions in all the years for the period 2021 to 2030. Projected total emissions for the period 2021-2030: 783 Mt CO_2-e Expected emissions budget for the period 2021-2030: 601 Mt CO_2-e Estimated abatement or sequestration needed (i.e. the difference between total emissions and the emissions budget for the period 2021 to 2030): 182 Mt CO_2-e *Note: figures are based on New Zealand's Greenhouse Gas Inventory, published in April 2019, these are provisional until confirmed during the NDC period, and the emissions projections contained in New Zealand's Fourth Biennial Report, published in December 2019.
Scope and coverage	

[12] IPCC 4th Assessment Report

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Sub-element:	Information:
General description of the target	The 2021-2030 NDC target is a responsibility target.
Sectors, gases, categories and pools covered by the nationally determined contribution, including, as applicable, consistent with Intergovernmental Panel on Climate Change (IPCC) guidelines:	The 2021-2030 NDC target is economy-wide covering all sectors: energy, industrial processes and product use, agriculture, land use, land-use change and forestry, waste, and all greenhouse gases: CO_2, CH_4, SF_6, HFCs, PFCs, N_20, NF_3.
Element: Planning processes	
Sub-element	Information:
Information on the planning processes that the Party undertook to prepare its nationally determined contribution:	In preparing its 2021-2030 Intended Nationally Determined Contribution (INDC), the New Zealand Government undertook a comprehensive process that included: carrying out analysis about how options for New Zealand's contribution would compare to global efforts to reduce emissions, taking into account factors such as the cost of effort, national circumstances, historical responsibility for climate change, and national GDP; modelling the impact of different NDC target options on New Zealand's economy and households. This work is published on the Ministry for the Environment's website (*A general equilibrium analysis of options for New Zealand's post-2020 climate change contribution*, and *Modelling the economic impact of New Zealand's post-2020 climate change contribution*); and, conducting public consultation through publication of a discussion document available on the Ministry for the Environment's website (*New Zealand's Climate Change target*), public meetings, hui (meetings), and inviting the public to make submissions on target options and the NDC. New Zealand ratified the Paris Agreement in October 2016, and submitted a 2021-2030 NDC. The submitted NDC underwent a substantial public consultation process, with 15 public meetings and hui held. Additionally, 17,023 written submissions were received from 15,639 submitters. This NDC built on, and reflected a streamlined version of, our initial INDC. This submission process made the NDC accessible to the public. However, the NDC was misinterpreted on occasion. This update of the 2021-2030 NDC therefore enhances the information provided in an effort to improve understanding. The 2021-2030 NDC is one part of New Zealand's wider policy response to climate change. New Zealand's Climate Change Response (Zero Carbon) Amendment Act (passed into law in late 2019) provides a framework to transition New Zealand to a low-emissions, climate-resilient economy. The Government received over 15,000 submissions on the proposals for this Act, and 10,000 submissions as the legislation was being shaped. The Zero Carbon Act set up the Climate Change Commission, an expert-group that provides independent advice to the

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	Government. The Zero Carbon Act provides for the Climate Change Commission to review New Zealand's 2050 emissions reduction target, and when directed, the ability to consider the ambition of our NDCs. The Climate Change Commission was established on the 1st December 2019.
Party's implementation plans, including, as appropriate, domestic institutional arrangements:	New Zealand has implemented, or is planning, a number of policies and institutional arrangements (including legislation and regulations thereunder) to meet its domestic and international climate goals, including its NDC: The Zero Carbon Act provides an enduring framework by which New Zealand can develop and implement clear and stable climate change policies. It achieves this purpose by enshrining in legislation four elements: 1. An emissions reduction target for 2050[13], consistent with the 1.5°C goal. 2. A system of emissions budgets and emission reduction plans to act as stepping stones to the 2050 target and provide a framework for planning. 3. A Climate Change Commission to provide independent advice and monitor progress. 4. Adaptation measures to assess and address the risks from a changing climate. The Climate Change Response (Emissions Trading Reform) Amendment Bill has been introduced to reform the New Zealand Emissions Trading Scheme as our primary policy tool to reduce emissions and ensure our commitments under the Paris Agreement are met. A new framework, the Climate Implications of Policy Assessment, was established in 2019 to enable central government agencies to undertake and report a greenhouse gas emissions analysis for all new policy proposals that meet certain qualifying criteria. This allows New Zealand to measure, monitor and report on government interventions that will impact New Zealand's greenhouse gas emissions. The Government is committed to ensuring a just transition towards a low-emissions and climate resilient economy. Further, New Zealand has a package of domestic policies, including sustainable finance New Zealand provides leadership in research, innovation and technical solutions to reduce emissions from agriculture. An example of this is the New Zealand Agricultural Greenhouse Gas Research Centre. The

[13] The emissions reduction target for 2050 is net zero global greenhouse gas (GHG) emissions by 2050, excluding biogenic methane, and a 24-47 per cent reduction of biogenic methane by 2050 compared to 2017 levels.

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	purpose of the Centre is to deliver knowledge, technologies and practices to enable New Zealand to enhance agricultural productivity in an emissions constrained world. In 2016, New Zealand adopted the Kigali Amendment to the Montreal Protocol on Substances that Deplete the Ozone Layer. New Zealand has completed the domestic processes required to meet the Amendment's obligations, which entered into force on 1 January 2020. As technologies become available and national circumstances evolve, New Zealand may realign the aforementioned policies and/or introduce new policies to reduce emissions. Further information about these policies and institutional arrangements is available online, noting the New Zealand Ministry for the Environment, Ministry of Foreign Affairs and Trade, and Ministry for Primary Industries' websites in particular. Details are also included, or anticipated for inclusion, in New Zealand's National Communications and Biennial Reports under the UNFCCC, and future Biennial Transparency Reports under the Paris Agreement.
Party's implementation plans, including public participation and engagement with local communities and indigenous peoples, in a gender-responsive manner:	New Zealand is founded on a partnership between the Crown and indigenous New Zealanders, Māori, through the Treaty of Waitangi. Te Puni Kōkiri is the Ministry for Māori Development. It advises on policy affecting Māori wellbeing and development. Further, Te Arawhiti is the Ministry of Māori-Crown relations and provides guidance and support relationships with Māori. The passing of the Zero Carbon Act, and the statutory provisions set up around the emissions reduction plans, resulted in requirements to develop strategies to recognise and mitigate impacts on Māori. This programme can only be achieved through engagement with Māori. • The Ministry for the Environment is working with Māori to establish an engagement process (Ihirangi) to ensure that Māori perspectives are included in policy development, as well as recognising the impacts that specifically affect Māori (i.e. co-design approach). The establishment of this process (involving a core Māori group and regional linkages) aligns with the intent of the Government's Engagement Framework and Partnership Guidelines. o A number of ways exist to engage with Māori on their perspectives of the risks and opportunities presented by climate change and specific policies in response. More recently, the Government has developed the Māori-Crown Engagement Framework and Partnership Guidelines to ensure Māori have full involvement in all phases of policy design,

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	implementation, and evaluation to support agencies to develop true partnerships with Māori. • Māori-focused research aligned with integrated farm systems, which seeks to assist the Māori pastoral sector to increase resource efficiency and farm productivity while lowering greenhouse gas emissions. The New Zealand Government will undertake targeted engagement with stakeholders, including iwi/Māori, on the updated NDC
Contextual matters, including, inter alia, as appropriate, national circumstances, such as geography, climate, economy, sustainable development and poverty eradication:	New Zealand became a Party to the Paris Agreement because we are committed to contributing to collective global action on climate change. We need all countries to contribute, and need to be able to hold all countries to account. We actively support the Paris Agreement not only to help protect New Zealand's economic, social, cultural and environmental interests, but also to encourage others to take action on climate change. New Zealand is a long, narrow and mountainous country with two main islands, and a number of smaller outlying islands. New Zealand is expected to see a 50 per cent growth in population between 1990 and 2030. This growth is significant, with relatively low population density. We have an open, trade-reliant economy founded in the agricultural and land sectors. New Zealand is, however, geographically distant from international markets and trading partners, being located in the South Pacific. New Zealand has an export-dependent economy, with a significant reliance on the agriculture sector. Some 85 per cent of New Zealand's total food production goes to the international market. New Zealand's geography and population distribution have contributed to a dependence on fossil fuel-powered transport. Because of this, and New Zealand's primary sector exports base, emissions are dominated by the agriculture and energy sectors, which together comprise approximately 88 per cent of gross emissions. New Zealand has seen strong economic growth since 1990. New Zealand has high levels of renewable energy use and a long history of renewable energy development. Approximately 80 per cent New Zealand's electricity generation uses renewable resources – primarily hydro-generation. Continued development of geothermal and wind generation has seen the amount of electricity generated from these sources more than triple over the last two decades. Considering the high levels of existing renewable electricity generation, there is less gross emissions reduction potential from the energy sector than in other jurisdictions. This presents a challenge to abatement options. Despite this, New Zealand is looking to

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	make further gains in this area. The Government has an aspirational goal of 100 per cent renewable electricity by 2035, with five-yearly assessments to ensure that security of supply and affordability of electricity are well-maintained. [The Government is also currently consulting on policy options to encourage energy efficiency and the uptake of renewable fuels in industry, and on accelerating renewable electricity generation and infrastructure.] New Zealand is in the process of decoupling emissions from economic growth, although emissions continue to grow off the back of strong economic and population growth. The policies and measures we are putting in place now will make an impact towards reducing our emissions over the period 2021 to 2030 (as projected in New Zealand's Fourth Biennial Report).
Contextual matters, including, inter alia, as appropriate, other contextual aspirations and priorities acknowledged when joining the Paris Agreement:	New Zealand became a Party to the Paris Agreement because doing so would contribute to collective global action on climate change, help protect New Zealand's economic, social, cultural and environmental interests, encourage others to take action on climate change, and maintain our positive international reputation and our ability to influence international climate change processes. New Zealand is committed to an effective international system that addresses climate change, has environmental and scientific integrity, is multilateral and rules-based (i.e. we need all countries to contribute, and need to be able to hold all countries to account). By participating we want to ensure that the Agreement will be practical and based on continuous improvement, also that it recognises and protects the rights and interests of indigenous peoples. Through these we encourage and support action in areas where we are well positioned to accelerate the collective effort.
Element: Assumptions and methodological approaches, including those for estimating and accounting for anthropogenic greenhouse gas emissions and, as appropriate, removals	
Sub-element:	Information:
Assumptions and methodological approaches used for accounting for anthropogenic greenhouse gas emissions and removals corresponding to the Party's NDC, consistent with decision 1/CP.21, paragraph 31, and accounting guidance adopted by the CMA:	The NDC applies 100 year Global Warming Potentials (GWPs) from the IPCC 4th Assessment Report, and methodologies from the IPCC 2006 Greenhouse Gas Inventory Guidelines and the 2013 IPCC Kyoto Protocol Supplement. New Zealand's accounting for Land use, land-use change and forestry (LULUCF) will be based on a combination of the 2006 IPCC Guidelines and the 2013 IPCC Kyoto Protocol Supplement, and is detailed below. It will be done in accordance with methodologies and common metrics assessed by the IPCC and in accordance with decision 18/CMA.1. Any information on own methodology used, will be consistent with Article 4, paragraph 6, of the Paris Agreement.

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	Forests established after the base year (1990) will be accounted for up until they reach their long-term average carbon stock. After this point is reached, the forest will be accounted for under a business-as-usual reference level (e.g. similar to Forest management under the Kyoto Protocol). The approach will take into account all carbon pools (e.g. alive and dead biomass, harvested wood products (HWP) and soil). New Zealand will continue to account for all deforestation emissions, as per the Kyoto Protocol. Forests established before the base year will continue to be accounted for under a business-as-usual reference level, as per the Kyoto Protocol. This approach is used to address the dynamic effects of age structure resulting from historical activities and practices, and the ongoing cycles of forest harvest and regrowth that occur as part of normal, sustainable forest management. Accounting provisions to address natural disturbance, land-use flexibility, legacy effects, non-anthropogenic effects and additionality since the base year will also continue to apply, building on existing guidance. HWP accounting will be based on the production approach. New Zealand's approach recognises that accounting methodologies need to focus on anthropogenic effects and create incentives for mitigation that promote sustainable land management. New Zealand shows consistency with greenhouse gas inventories, pursuant to Article 13, paragraph 7(a), of the Paris Agreement.
Assumptions and methodological approaches used for accounting for the implementation of policies and measures or strategies in the NDC:	Assumptions and methodological approaches include: population and GDP assumed to increase over time and effective carbon price assumption. Currently implemented and adopted policies and measures: the difference between with measures (WEM) and without measures (WOM) scenarios. Additional policies and measures effect: the difference between WEM and with additional measures (WAM) scenarios emissions and removals.
If applicable, information on how the Party will take into account existing methods and guidance under the Convention to account for anthropogenic emissions and removals, in accordance with Article 4, paragraph 14, of the Paris Agreement, as appropriate (i.e.	New Zealand's national system is designed specifically for the avoidance of double counting. We have developed a national monitoring system for land use, land-use change and forestry that utilises wall-to-wall mapping and periodic forest monitoring. The wall-to-wall mapping approach ensures emissions and removals from land-use and forests are identified and counted only once. There is regular information sharing between the national system and the NZ ETS to ensure all forests are identified and correctly

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how we promote environmental integrity, TACCC, and ensure avoidance of double counting):	classified. New Zealand has a national Emissions Trading Register which manages the accounting, reporting and reconciliation of emissions and unit holdings and transactions as part of the NZ ETS. Further, New Zealand has a voluntary emissions offsetting work programme that provides guidance on how to avoid double counting when organisations use NZ ETS units for voluntary emissions offsetting. Environmental integrity is ensured in the greenhouse gas inventory, forestry and in the NZ ETS. Internal quality assurance processes ensure environmental integrity in the inventory. The quality assurance and quality control plans are reviewed annually. The quality assurance and quality control processes have a significant role in the preparation of the inventory to ensure the core principles of transparency, accuracy, completeness, comparability and consistency (TACCC) are achieved. More information can be found in New Zealand's Seventh National Communication. New Zealand's commitment to integrity is also evident in international negotiations, where New Zealand is a leader in discussions regarding the avoidance of double counting in international markets.
IPCC methodologies and metrics used for estimating anthropogenic greenhouse gas emissions and removals:	See assumptions and methodological approaches used for accounting for anthropogenic greenhouse gas emissions and removals, above.
Sector-, category- or activity-specific assumptions, methodologies and approaches consistent with IPCC guidance, as appropriate, including, as applicable: (i) Approach to addressing emissions and subsequent removals from natural disturbances on managed lands; (ii) Approach used to account for emissions and removals from harvested wood products; (iii) Approach used to address the effects of age-class structure in forests:	New Zealand's assumed accounting for LULUCF sector will be based on a combination of the 2006 IPCC Guidelines and the 2013 IPCC Kyoto Protocol Supplement, providing for Kyoto Protocol accounting approaches to be applied to the greenhouse gas inventory land-based categories. New Zealand's existing activity start year of 1990 will continue to apply, ensuring continuity of action with previous commitments. New Zealand's LULUCF approach assumes accounting will be either land or activity based, and will apply existing IPCC methodologies to distinguish areas subject to direct human-induced change from those under pre-existing management, as follows: a. Forests established from the activity start year will continue to be accounted for as they would under the Kyoto Protocol, but once they attain their long-term average carbon stock, taking into account all carbon pools and activities, the forest will transfer to the 'forest management/forest remaining' forest category, where it will be accounted for under a business-as-usual reference level. New Zealand will continue to account for all deforestation emissions. b. Forests established before the activity start year will continue to be accounted for under a business-as-usual reference level, as per the Kyoto Protocol, to address the

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	dynamic effects of age structure resulting from activities and practices before the reference year, and the ongoing cycles of forest harvest and regrowth that occur as part of normal, sustainable forest management. c. Accounting provisions to address natural disturbance, land-use flexibility, legacy effects, non-anthropogenic effects and additionality since the activity start year will also continue to apply, building on existing guidance. HWP accounting will be based on the production approach. New Zealand's LULUCF use approach builds on experience with accounting under the Kyoto Protocol to recognise and focus on additional action. This approach will create incentives for the establishment of new forests, recognise permanent, long-term enhancements of carbon sinks resulting from new management, and take responsibility for deforestation, while accommodating the long-term cycles in net emissions and removals that arise from sustainable forest management.
The intention to use voluntary cooperation under Article 6 of the Paris Agreement, if applicable:	In meeting its 2021-2030 NDC, New Zealand intends to use international market mechanisms, cooperative approaches and carbon markets that have environmental integrity, including through guarding against double-claiming and/or double-counting, by ensuring transparency in accounting and governance, and by ensuring environmental integrity of emissions reductions generated or purchased.
Element: How the Party considers that its NDC is fair and ambitious in the light of its national circumstances	
Sub-element:	Information:
How the Party considers that its NDC contribution is fair and ambitious in the light of its national circumstances:	New Zealand is responsible for low levels of emissions now and historically (0.17 per cent of global gross emissions in 2017). Countries which each individually contribute one per cent or less of global emissions account for nearly a quarter of total emissions. Therefore, New Zealand's efforts matter. The likely cost to the New Zealand economy of meeting this NDC budget in terms of GDP is high relative to many other parties. This is due to a number of factors, such as the existing high level of renewable electricity generation (80-85 per cent), and the make-up of our emissions profile, where almost half of our total emissions originate from agriculture. New Zealand's 2050 target places an emphasis on long-lived gases. The target is to reduce global greenhouse gas (GHG) emissions to net zero by 2050 (excluding biogenic methane for which the target is 24-47 per cent below 2017 levels). The outcome we seek for the 'form' or 'type' of contribution we deliver is an NDC that provides a fair, comparable and transparent representation of New Zealand's effort on climate change.

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	Different forms of contribution will better facilitate the accurate measurement of reductions to track progress towards a country's global goal than others, or more clearly (or fairly) represent a country's "effort" (depending on their national circumstance).
Fairness considerations, including reflecting on equity:	A basket of indicators can give an idea of countries' efforts, and New Zealand looked at factors such as: national circumstances, including evolving circumstances such as population growth rates, the size of the forestry sector, the size of the agriculture sector, and access to natural resources; cost of effort (sharing), including to the economy; resource sharing, such as sharing greenhouse gas emissions, including carbon dioxide versus methane per capita; historical responsibility for climate change; income and capacity, such as the ability to afford to mitigate more emissions than others; abatement required to meet NDC headline target, and the gap between the business-as-usual emissions curve and emissions curve needed to meet the NDC target.
How the Party addressed Article 4, paragraph 3, of the Paris Agreement (i.e. how NDC target represents progression and highest possible ambition):	New Zealand's NDC target represents a progression beyond New Zealand's current 2020 target in terms of headline number, cost and emissions impact, reduction from business-as-usual emissions, improvement in emissions efficiency of the New Zealand economy and a stronger focus on domestic emissions reductions.
How the Party has addressed Article 4, paragraph 6, of the Paris Agreement (i.e. LD and small island developing states may prepare and communicate strategies, plans and actions for low greenhouse gas emissions development reflecting their special circumstances):	N/A – noting Tokelau's preference to append an NDC to New Zealand's.
Element: How the NDC contributes towards achieving the objective of the Convention as set out in its Article 2	
Sub-element:	Information:
Article 2 of the Convention (i.e. stabilisation of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system):	New Zealand welcomed the IPCC's *Special Report on global warming of 1.5°C*, and the urgency of climate action that we have a duty to respond to. New Zealand's target choice should primarily be guided by the best available scientific knowledge. The IPCC is the definitive source of evidence to support climate change policy development. Its reports represent the best expert assessment of global knowledge on climate change. New Zealand has a duty to respond to the IPCC's conclusion that limiting global warming to 1.5°C "would require rapid and far-reaching transitions" in most human activities; as well as the inclusion of emissions pathways consistent with limiting warming to 1.5°C, which have
How the nationally determined contribution contributes towards Article 2, paragraph 1(a), and Article 4, paragraph 1, of the Paris Agreement. (i.e. global temperature goals, including to limit global temperature to 1.5°C):	

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	gained considerable influence as representing what is "necessary" to achieve the aim of the Paris Agreement. The report provided evidence to inform the 2050 target in New Zealand's Climate Change Response (Zero Carbon) Amendment Act, which will be a significant challenge requiring early and more ambitious action across all sectors. The Act has legislated a domestic target out to 2050 that is consistent with 1.5°C. The NDC contributes towards these Articles by acknowledging the contribution of the Talanoa Dialogue. Additionally, there is a planned proposal to request the Climate Change Commission to review our NDC to provide advice about New Zealand's targets (and the NDC target).

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Restricted

Office of the Minister for Climate Change

Chair, Cabinet Environment, Energy and Climate Committee

Updating New Zealand's Nationally Determined Contribution under the Paris Agreement

Proposal

1. Parties to the Paris Agreement have committed to communicate or update their Nationally Determined Contributions (NDCs) by March 2020. In 2016, New Zealand ratified the Paris Agreement and we submitted our NDC which covers a ten year period from 1 January 2021.
2. I seek Cabinet's approval to submit an update of New Zealand's 2021-2030 NDC to the United Nations Framework Convention on Climate Change (UNFCCC). (Appendix 1).
3. I propose to return to Cabinet in early 2021 following advice from the Climate Change Commission on whether New Zealand's NDC should change to bring it in line with the global temperature goal of 1.5°C and, if so, how.
4. I propose to enhance New Zealand's existing NDC with a narrative highlighting our 2050 target and other domestic action, further technical information to facilitate clarity, transparency and understanding of the NDC, and information on Tokelau's climate contribution. This does not change the headline number of the emissions reduction target component of New Zealand's NDC, nor will it confer additional obligations on New Zealand.

Executive summary

5. New Zealand's NDC target under the Paris Agreement is to reduce emissions to 30 per cent below 2005 levels by 2030. This is an absolute reduction target managed using an emissions budget approach across the period 2021-2030. This means we will be responsible for reducing emissions to that level on average throughout our entire NDC period.[1]
6. Cumulatively, existing NDCs do not represent sufficient ambition to limit warming to 1.5°C and there is a clear need for greater global action on climate change. Parties to the Paris Agreement, including New Zealand, have committed to communicate or update their NDCs by March 2020.
7. It is also an opportunity for New Zealand to affirm its full commitment to global action to limit warming to 1.5°C, and communicate our extensive domestic action on climate change.
8. I propose that New Zealand updates its NDC with information on our changed domestic context, particularly the Climate Change Response (Zero Carbon) Amendment Act (Zero Carbon Act) 2050 target. This 2050 target is compatible with limiting warming to 1.5°C. In addition to a narrative highlighting domestic action, I propose to enhance the NDC with

[1] This is a "responsibility target", meaning that the target could be met through a combination of domestic emissions reductions, purchases of international units and domestic sinks. Domestic sinks means any process, activity or mechanism which removes a greenhouse gas.

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technical information to improve understanding of the challenge it encompasses for New Zealand. I seek Cabinet's agreement to submit the 2021-2030 NDC update (Appendix 1) to the UNFCCC.

9. In 2017, Tokelau asked New Zealand to extend its territorial application of both the UNFCCC and Paris Agreement to Tokelau, which means New Zealand's reporting now includes Tokelau. Officials are working with Tokelau on how to appropriately include Tokelau's climate contribution as part of New Zealand's 2021-2030 NDC update. I seek Cabinet's agreement for delegated authority to the Minister for Climate Change and the Minister of Foreign Affairs to approve the Tokelauan content, once it is available.

10. There is a high likelihood that New Zealand's NDC update may be received negatively by some countries and commentators, as it does not raise the headline level of our emissions reduction budget for 2030. Our NDC update seeks to mitigate this by highlighting New Zealand's enhanced domestic action, and by improving understanding of the nature and scale of our NDC. Other developed countries have also planned a similar approach to their updated NDCs, such as Switzerland. Despite the apparent risk of being negatively received, Switzerland's recently submitted NDC update that indicated that the headline target would not change, was received favourably by international commentators due to its timely submission.

11. I had originally planned on revisiting the NDC's ambition in 2019, but deferred due to delays to the Zero Carbon Act which consequently delayed the establishment of the Climate Change Commission. The Commission will provide independent, expert advice, including on New Zealand's climate change targets.

12. Although we have committed to this update in 2020 under the Paris Agreement, New Zealand is able to amend our NDC at any stage. We are not limited in opportunities to revise our target, only on the nature of the revision as we need to demonstrate progression and increased ambition over time. This is set out in Article 4(11) of the Paris Agreement, which states that a Party may at any time adjust its existing nationally determined contribution with a view to enhancing its level of ambition.

13. I have requested the Climate Change Commission provide advice and recommendations to the Government on whether the NDC should change to bring it in line with the global 1.5°C temperature goal and, if so, how. Following the Commission's advice, it may be appropriate for the NDC target to be revisited, but this advice will not be available prior to 2021.

Background

New Zealand is committed to ambitious climate action and the Paris Agreement

14. The Paris Agreement was designed to ensure that all countries, no matter how big or small, contribute to keeping average global temperature increase to well below 2°C above pre-industrial levels, and pursuing efforts to limit the temperature increase to 1.5°C.

15. NDCs represent each country's contribution to these global temperature limits. NDCs are required to show a country's highest level of ambition to reduce global emissions, a progression on previous efforts, and to be more ambitious over time.

16. New Zealand's NDC represents our international contribution to mitigating climate change. It is a waypoint on a long-term journey towards the 2050 targets we set under the Zero Carbon Act, which are consistent with 1.5°C. It also sets us on a path aligned with the Paris Agreement's Article 4(1) objective for Parties to aim for carbon neutrality – balancing emissions and removals – in the second half of the century.

17. New Zealand's NDC is to reduce emissions to 30 per cent below 2005 levels by 2030. New Zealand's projected total emissions across the period 2021-2030 are 783 Mt CO_2-e,

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with an expected emissions budget of 601 Mt CO_2-e. Accordingly, the estimated abatement or sequestration needed over that ten year period is 182 Mt CO_2-e.

18. New Zealand's NDC is a "responsibility target", meaning that the target could be met through a combination of domestic emissions reductions, emissions removals (e.g. from forestry and other land use), and access to international carbon markets. We do not need to make decisions on how we will meet our NDC at this stage.

Enhancing NDCs in 2020

19. As outlined above, Parties to the Paris Agreement have committed to communicate or update their NDCs in 2020. There are increasing calls for these updates to "enhance" the ambition of NDCs.

20. Enhancement can be interpreted as increasing the headline number of the NDC target, aligning the NDC's implementation with long-term goals and/or by providing enhanced information to improve transparency[2] and understanding of NDCs.[3]

The need for increased global ambition

21. The Paris Agreement remains the most important forum for addressing climate change. It has near universal membership and continues to attract significant public and media interest. With the Paris "rulebook" largely finalised over the past two years, attention is increasingly focusing on the Agreement's implementation. Many countries, including New Zealand, have made efforts to implement the Paris Agreement by putting in place comprehensive domestic policies and measures and long-term climate goals.

22. Despite this, 2020 will be an important test for the Paris Agreement as current NDCs do not cumulatively represent sufficient action to limit warming to 1.5°C[4] and there is mounting evidence that urgent action is needed to significantly reduce global emissions before 2030 in order to meet the 1.5°C goal.[5]

23. New Zealand actively works to address the "global ambition gap". The 2018 Talanoa Dialogue sought to influence countries to increase their ambition when updating their NDCs. New Zealand acknowledged the significant gap between current global emissions and the 1.5°C scenario, endorsing the Talanoa Call to Action at COP24. The United Nations Secretary-General's (UNSG) Climate Action Summit 2019 also pushed for increased action and ambition of NDCs. New Zealand played a significant role through co-leading the Nature Based Solutions pillar with China, encouraging countries to "unlock the full potential of nature in climate action."

24. Calls for increased ambition featured last year at COP25 in Madrid[6] and I expect global ambition and Parties' updated NDCs to be in the spotlight at COP26 in Glasgow in November 2020. The European Union (EU) has announced that it will increase its NDC from a 40 per cent to a 55 per cent reduction from 1990 levels by 2030. Similarly, Norway has recently announced that they will increase their NDC from a 40 per cent to a 50-55 per cent reduction by 2030. S6(b) [redacted]

[2] More specifically, to improve "clarity, transparency and understanding" as per UNFCCC decision 4/CMA.1.

[3] World Resources Institute (2019). *Enhancing NDCs: A Guide to Strengthening National Climate Plans by 2020.*

[4] This has been illustrated in a number of reports, including the recent UNEP Emissions Gap Report 2019 which found that countries would need to increase their 2030 climate plans more than fivefold to limit global temperature rise to the 1.5°C goal of the Paris Agreement.

[5] The IPCC Special Report on 1.5°C found that in pathways limiting global warming to 1.5°C, global net human-caused emissions of carbon dioxide fall by about 45 per cent from 2010 levels by 2030, reaching 'net zero' around 2050. This means that any remaining emissions would need to be balanced by removing CO_2 from the air.

[6] Global ambition featured in the COP's outcome the *Chile Madrid Time for Action* (Decision 1/CP.25 and 1/CMA.2).

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25. There are signals that others will follow suit, including S6(a) . Some others, like S6(a) , do not plan to increase their headline numbers but to enhance their NDCs with additional information to provide a narrative and align NDC implementation with their long-term climate goals. Switzerland has recently submitted their NDC update and indicated that the headline number would not change.

Analysis

Approach to updating New Zealand's NDC in 2020

26. New Zealand's NDC is short and succinct. Its structure has been modelled on how Parties to the Kyoto Protocol communicated their commitments. However, our existing NDC is not well understood. Public commentators often mischaracterise the nature and ambition of our NDC, which is then reported in domestic media coverage.[7]

27. Some Parties to the Paris Agreement have used, or plan to use, their NDCs to describe their approach to climate action, beyond an emissions reduction target. I propose that New Zealand enhance its NDC by providing increased information on our climate action, and its contribution towards limiting global temperature rise to 1.5°C.

28. The proposed update of the NDC was guided by the following principles:

- New Zealand's commitment to limiting global temperature rise to 1.5°C (rather than 2°C);
- The NDC should effectively communicate the challenging nature of New Zealand's contribution to the global effort including through our domestic policies and measures;
- The NDC should be enduring in nature and reflect the fact that domestic policies and actions may change or evolve over time, for example in response to the independent Climate Change Commission's advice, or due to technological advancements;
- The NDC should be clearly communicated to ensure understanding of the technical elements of the NDC and how these enhance ambition, for example the implications of taking an absolute emissions budget approach, rather than a single year target;
- The NDC should not prejudge how New Zealand will meet our NDC, but should continue to keep the option of using international carbon markets open for future governments, as a way to supplement domestic action.

Proposed NDC update

29. I seek Cabinet's agreement to the update of New Zealand's NDC contained in Appendix 1. This update reflects the principles outlined above. It highlights some of New Zealand's domestic developments and international contributions that illustrate the ambition of our climate action, and includes technical information to improve understanding of our NDC.

[7] For example, Climate Action Tracker's report on New Zealand mischaracterises New Zealand's NDC to represent a weaker emissions reduction target than it actually is, by representing it as a 2030 single year target instead of a 2021-2030 budget period.

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30. The key messages that I propose to communicate in the NDC update are summarised below:

- New Zealand is committed to playing its part and taking action on climate change as part of the global effort through the Paris Agreement and in line with the IPCC Special Report on 1.5°C and the Talanoa Dialogue Call to Action.
- New Zealand has enhanced its NDC with information on our domestic context including the Zero Carbon Act framework, and the 2050 targets.
- The 2050 targets will drive New Zealand's transition to a low emissions, climate resilient future and support New Zealanders to make decisions that will reduce emissions and promote climate resilience. Our NDC is our international contribution to climate change and a waypoint on a long-term journey towards our 2050 targets.
- Our domestic mitigation targets address long-lived and short-lived gases appropriately, considering scientific understanding of their different effects. We will take strong action on long-lived gases as these emissions remain in the atmosphere for centuries, increasing in concentration as long as the gases continue to be emitted and largely determine long-term warming.
- New Zealand's national circumstances directly relate to our emissions profile. New Zealand's population and economy are predicted to continue growing. The largest contributors to these emissions are the agriculture (48 per cent) and energy (41 per cent) sectors. New Zealand has a high proportion of renewable electricity generation (80 to 85 per cent).
- Achieving New Zealand's NDC target will be challenging. New Zealand's NDC under the Paris Agreement is to reduce emissions to 30 per cent below 2005 levels by 2030. As the NDC is an absolute emissions reduction target managed using an emissions budget approach, this means New Zealand will be responsible for reducing emissions across the entire NDC period, 2021-2030. This would make us responsible for reducing emissions by 182 million tonnes, which equates to around a quarter of our projected total emissions between now and 2030.[8]
- The 2021-2030 NDC is a waypoint on a journey toward the long-term 2050 target. New Zealand is set to reduce emissions of biogenic methane to 24-47 per cent below 2017 levels by 2050, and net emissions of all other greenhouse gases to zero by 2050. This includes an interim step to reduce biogenic methane emissions to at least 10 per cent below 2017 levels by 2030. Correspondingly we will need to contribute a significant reduction in long-lived gases, estimated at around 43 per cent below 2017 levels, by 2030 after accounting for projected forestry removals. Note that this figure is highly sensitive to updates and it does not represent a new target for 2030.
- New Zealand's NDC is a "responsibility target", meaning that the target could be met through a combination of domestic emissions reductions, emissions removals, and access to international carbon markets.
- We are putting in place the policies we need with a comprehensive package of domestic action that cover all parts of our emissions profile. These are supported by legislation and processes to reduce emissions and guide our transition, such as the independent Climate Change Commission, Climate Implications of Policy Assessment requirements, and a strengthened New Zealand Emissions Trading Scheme (NZ ETS).

[8] Based on projections in New Zealand's 4th Biennial Report, 2019.

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31. New Zealand will continue to use Global Warming Potentials (GWPs) from the IPCC's Fourth Assessment Report (AR4) for accounting for the NDC.

32. The international community is expected to agree to specify which 100-year GWPs from the IPCC's Fifth Assessment Report (AR5) are to be used in greenhouse gas inventory reporting under the Paris Agreement. This will flow through into NDC accounting. This work is scheduled to conclude by the end of 2020, although a final decision may be delayed to 2021. New Zealand is committed to following the reporting and accounting rules that are agreed under the Paris Agreement, and once a decision is made on the application of GWPs, New Zealand will be in a position to bring its reporting and accounting into line.

33. Parties to the Paris Agreement can update their NDCs at any time as long as the ambition doesn't decrease. When rules on AR5 GWPs are agreed internationally, New Zealand can then choose to align with this in accounting for its 2021-2030 NDC for comparability and consistency with other countries, including with inventory reporting for that period. The accounting guidance agreed at COP24 specifies that AR5 must be used for second and subsequent NDCs and that Parties may elect to apply such guidance to their first NDC[9].

34. The move to AR5 GWPs for accounting for the first NDC will change the abatement task in our NDC. Using AR5 GWPs will change emissions in the base year (2005), the 2021-2030 projected emissions budget, and, accordingly, the abatement task.

Including Tokelau in New Zealand's NDC

35. Officials have also consulted the Government of Tokelau, to ensure that Tokelau's climate contribution is appropriately included in New Zealand's 2021-2030 NDC update. This reflects that New Zealand's application of the Paris Agreement was extended to Tokelau in 2017 and that Tokelau is now included in New Zealand's international greenhouse gas reporting.

36. Tokelau has indicated that it wishes to be included in our NDC update. The Ministry of Foreign Affairs and Trade (MFAT) is working with Tokelauan officials to ensure Tokelau is appropriately included. Tokelauan officials have advised that they will provide their submission on 17 March 2020. Therefore, I propose that Cabinet delegate authority to the Ministers of Climate Change and Foreign Affairs to approve Tokelauan content.

Timing considerations

37. S9(2)(h) [redacted]

38. I may need to exercise some flexibility over the timing in order to include Tokelau's climate contribution and to coordinate with the timing of countries which are taking a similar approach to New Zealand.

Revisiting the NDC's ambition in future

39. Under the Paris Agreement, Parties are required to communicate an NDC every five years. All Parties to the Paris Agreement, under article 4(11), are able to review and resubmit their NDC at any stage and NDCs are expected to be progressive (i.e. represent an increase in ambition over time).

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[9] Through Katowice Decision 4/CMA.1 UNFCCC Parties agreed specific and detailed guidance on the information to be provided in NDCs and strongly encouraged Parties to provide this information in relation to their first NDCs, including those communicated or updated by 2020. The decision didn't specify however which AR5 GWP was recommended for countries to use, and this decision is still to be made by the international community.

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40. Any decision on changing the NDC should take into account the Climate Change Commission's advice on emissions budgets, and this was not possible for this first NDC update.

41. I have requested the Climate Change Commission provide advice and recommendations to the Government on whether the NDC should change to bring it in line with the global 1.5°C temperature goal and, if so, how. It may be appropriate for the NDC target to be revisited following the Commission's advice.

42. New Zealand's second NDC is due to be submitted in 2025, to cover the period 2031-2035. Our second NDC will be informed by the Commission's advice.

Consultation

43. This paper was prepared by the Ministry for the Environment, with input from the Ministry of Foreign Affairs and Trade.

44. The Treasury, the Ministry for Primary Industries, Te Arawhiti, the Department of the Prime Minister and Cabinet and the Ministry of Business, Innovation and Employment were consulted in its preparation. Te Puni Kōkiri have been informed. Where feedback was received it is reflected in this paper.

45. Officials are investigating whether to adopt a land-based (similar to reporting of all land-uses in the Land-Use, Land-Use Change and Forestry sector) or an activity-based approach (similar to accounting under the Kyoto Protocol) to accounting under the Paris Agreement. The decision on the approach taken will be part of He Waka Eke Noa's investigation into the recognition of on-farm sequestration. Officials will provide an initial assessment within the report back to Cabinet in April 2020 on potential options for domestic incentives. Ministers will report back in 2022 on how and what type of removals could be recognised, as part of developing a farm level pricing scheme. Extending coverage to account for non-forest vegetation also aligns with the Paris Agreement principles of increased inclusion of emissions and the approaches taken within most other developed countries' NDCs.

46. In 2015, the Government went through a comprehensive process to formulate the NDC. This included stakeholder and Māori consultation, economic modelling of the impact of the NDC on our economy and households, and the cost of our effort. There was also consideration of factors such as national circumstances, historical responsibility for climate change, carbon dioxide emissions per capita versus all-greenhouse gas emissions per capita, and national GDP.

47. In 2018, the Government released the *Our Climate Your Say: Consultation on the Zero Carbon Bill* which received more than 15,000 submissions on New Zealand's 2050 target and the Zero Carbon Bill. In 2019, the Environment Select Committee had nearly 11,000 written and oral submissions on the Zero Carbon Bill. The Committee heard from parents, students, scientists, farmers, academics, health professionals, activists, iwi, local government and businesses.

48. I believe that I have consulted extensively on the framework for delivering New Zealand's climate action out to 2050, which culminated in the Zero Carbon Act's near unanimous adoption late last year. I view the NDC as a component of this wider climate policy framework, and a waypoint on our transition to a low emissions, climate resilient Aotearoa. My proposal is therefore to enhance the NDC with information reflecting the matters covered by the Zero Carbon Bill consultation without undertaking further comprehensive consultation.

49. However, I recognise that there are stakeholders with a strong interest in New Zealand's climate ambition, including the NDC, and this is also an issue highly relevant to Māori. I have directed officials to undertake targeted discussions and meetings after Cabinet's

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decision on the NDC update, to explain our approach to enhancing our NDC and share the narrative outlined above with key stakeholders and iwi/Māori. Independently, the Climate Change Commission will be engaging with public, iwi/hapū/Māori, industry, technical experts, special interest groups, sector lead groups and other interested parties on the NDC later in 2020.

50. S9(2)(h) [redacted]

Financial implications

51. There are no financial implications from the proposals in this paper.

Legislative implications

52. There are no legislative implications from this paper.

Regulatory impact analysis

53. The RIA requirements do not apply as there are no regulatory implications from this paper.

Climate implications of policy assessment

54. The Ministry for the Environment confirms that the CIPA requirements do not apply to this proposal.

Gender implications

55. There are no gender implications arising from this paper.

Disability perspective

56. There are no disability implications arising from this paper.

Treaty of Waitangi

57. I understand the issue of climate change and its effects is highly relevant to Māori. In our domestic setting this is being addressed, *inter alia*, through the Zero Carbon Act and the development of New Zealand's first climate change risk assessment. Climate change and its effects will have an impact on all New Zealanders, however, in relation to Article II interests, Māori will likely be impacted in the exercise of their customs and culture in relation to the local environment.

58. MfE is working with Māori to co-design a process that seeks to ensure climate-related policy, and mitigation and adaptation strategies, and adequately support climate resilience and the particular needs of Māori in local communities throughout Aotearoa New Zealand. An Interim Establishment Committee is now being formed to engage widely and inclusively with iwi/Māori on the proposed process, and to oversee its establishment phase.

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Publicity

59. As earlier noted, there is a high likelihood that New Zealand's NDC update will be criticised by commentators in New Zealand and overseas, as it does not raise the headline level of our emissions reduction target for 2030. Equally, this is a risk shared by some other developed countries which plan a similar approach.

60. I have directed officials to design a communications and engagement plan to guide engagement with iwi/Māori and targeted stakeholders to enhance public understanding of the 2021-2030 NDC. Furthermore, the narrative accompanying the NDC update as detailed in appendix 2, and the information to facilitate clarity, transparency, and understanding of NZ's NDC as detailed in appendix 3, will help minimise the risks of misinterpretation.

61. The communications and engagement plan will describe the nature and scale of our NDC, outline why the NDC is challenging, emphasise that New Zealand is one of the first to update its NDC, and highlight New Zealand's ambitious domestic action.

62. To further communicate our strong commitment to addressing climate change, the Climate Change Commission will provide independent advice to the Government on whether the NDC is compatible with the global 1.5°C temperature goal. If advice concludes that it is not compatible, the Commission will provide the Government with recommendations to align the NDC with the global temperature goal. There may be another update of the NDC after that stage, in 2021.

63. There will be a chance for the public to have their say on the NDC in late 2020, as part of the Commission's work.

Proactive Release

64. I propose to proactively release this paper on the Ministry for the Environment's website in whole, subject to redactions as appropriate equivalent to those under the Official Information Act 1982, once public announcements have been made.

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Recommendations

The Minister for Climate Change recommends that the Committee:

1. **Note** the need for enhanced global action on climate change to limit warming to no more than 1.5°C above pre-industrial levels;
2. **Note** that New Zealand's NDC is to reduce emissions to 30 per cent below 2005 levels by 2030, managed using an emissions budget approach across the period 2021-2030;
3. **Note** that New Zealand is has committed to provide an updated NDC to the UNFCCC Secretariat by March 2020**;**
4. **Note** that the updated NDC in Appendix 1 enhances New Zealand's NDC with a narrative highlighting our 2050 target and other domestic action, as well as further technical information to enhance clarity, transparency and understanding of our NDC, and that it does not change the headline number of New Zealand's NDC nor will it confer additional obligations on New Zealand;
5. **Agree** to submit an update to New Zealand's 2021-2030 NDC as contained in Appendix 1 to the Secretariat of the United Nations Framework Convention on Climate Change;
6. **Note** that in 2017 New Zealand's application of the Paris Agreement was extended to include Tokelau and that Tokelau has indicated they would like to include their climate contribution as part of New Zealand's NDC update, but that their contribution requires more time to collate;
7. **Authorise** the Ministers of Climate Change and Foreign Affairs to approve the Tokelauan content once available for inclusion in New Zealand's update;
8. **Note** that the Minister for Climate Change has requested the Climate Change Commission to provide advice and recommendations to the Government on whether the NDC should change to bring it in line with the global 1.5°C temperature goal and, if so, how;
9. **Request** the Minister for Climate Change to return to Cabinet in early 2021 following receipt of the Climate Change Commission's advice on the NDC;
10. **Note** that officials will discuss the NDC with key stakeholders and iwi/Māori, following Cabinet's decision on the NDC update.

Authorised for lodgement.

Hon James Shaw
Minister for Climate Change

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Appendix 1: New Zealand's enhanced 2021-2030 NDC

NEW ZEALAND

Submission under the Paris Agreement
New Zealand's Nationally Determined Contribution
DD MM 2020

New Zealand hereby communicates our Nationally Determined Contribution (NDC) under the Paris Agreement for the period 2021 to 2030.

New Zealand commits to reduce greenhouse gas emissions to 30 per cent below 2005 levels by 2030, managed using a multi-year emissions budget.

We have enhanced New Zealand's NDC with contextual information about our long-term domestic climate change action aiming to limit global temperature increases to no more than 1.5°C above pre-industrial levels (rather than 2°C).

Our NDC is additionally enhanced with further information to facilitate clarity, transparency and understanding of New Zealand's NDC (decision 4/CMA.1 refers).

New Zealand intends to communicate our adaptation efforts under the Paris Agreement in alternative documents to the NDC (decision 9/CMA.1 refers).

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Time period	2021 to 2030
Type of commitment	Absolute reduction target managed using a carbon budget.
Target reference year	2005
Reduction level	Emissions will be reduced to 30 per cent below 2005 levels by 2030.
Scope and coverage	This responsibility target is economy-wide covering all sectors: • Energy • Industrial processes and product use • Agriculture • Forestry and other land use • Waste and all greenhouse gases: • CO_2 • HFCs • N_2O • CH_4 • PFCs • NF_3 • SF_6
Methodological approaches for estimating anthropogenic greenhouse gas emissions and removals	This NDC applies 100 year Global Warming Potentials (GWPs) from the IPCC 4th assessment report, and methodologies from the IPCC 2006 greenhouse gas inventory guidelines and the 2013 IPCC KP Supplement.

Use of market mechanisms and cooperative approaches

In meeting its target New Zealand intends to use international market mechanisms, cooperative approaches and carbon markets that enable trading and use of a wide variety of units/emission reductions/mitigation outcomes that meet reasonable standards and guidelines to:

- ensure the environmental integrity of emissions reductions generated or purchased
- guard against double-claiming/double-counting, and
- ensure transparency in accounting and governance.

Approach to accounting for forestry and other land use

New Zealand's preferred approach for accounting for forestry and other land use sector is described below (as per its INDC). This approach sets out core assumptions and is provided in advance of discussions on an international rule-set that would apply after 2030, and that could also apply to New Zealand's first NDC. We reserve the right to adjust our selection of methodologies, without reducing ambition. New Zealand's approach to forestry and other land use accounting will be fully described in its first communication under the Paris Agreement.[10]

Methodologies	New Zealand's assumed accounting for the forestry and other land use sector will be based on a combination of the 2006 IPCC Guidance and the 2013 IPCC Kyoto Protocol Supplement, providing for Kyoto Protocol accounting approaches to be applied to the greenhouse gas inventory land-based categories. New Zealand's existing activity start year of 1990 will continue to apply, ensuring continuity of action with previous commitments.

[10] The first communication being the submission of the first biennial transparency report (BTR1) and national inventory report, as required under the Paris Agreement, at latest by 31 December 2024.

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	New Zealand's forestry and other land use approach assumes accounting will be either land or activity based, and will apply existing IPCC methodologies to distinguish areas subject to direct human-induced change from those under pre-existing management, as follows: a. Forests established from the activity start year will continue to be accounted for as they would under the Kyoto Protocol, but once they attain their long-term average carbon stock, taking into account all carbon pools and activities, the forest will transfer to the Forest management/Forest remaining forest category, where it will be accounted for under a business-as-usual reference level. New Zealand will continue to account for all deforestation emissions. b. Forests established before the activity start year will continue to be accounted for under a business-as-usual reference level, as per the Kyoto Protocol, to address the dynamic effects of age structure resulting from activities and practices before the reference year, and the ongoing cycles of forest harvest and regrowth that occur as part of normal, sustainable forest management. c. Accounting provisions to address natural disturbance, land-use flexibility, legacy effects, non-anthropogenic effects and additionality since the activity start year will also continue to apply, building on existing guidance. Harvested wood products accounting will be based on the production approach. New Zealand's forestry and other land use approach builds on experience with accounting under the Kyoto Protocol to recognise and focus on additional action, and will create incentives for the establishment of new forests, recognise permanent, long-term enhancements of carbon sinks resulting from new management, and take responsibility for deforestation, while accommodating the long-term cycles in net emissions and removals that arise from sustainable forest management.

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Appendix 2: Contextual information accompanying New Zealand's NDC

New Zealand is committed to taking decisive action on climate change, with our first NDC constituting our international contribution to reduce emissions in the near-term. Our NDC target is a multi-year emissions budget to reduce emissions to 30 per cent below 2005 levels by 2030. We will account for all emissions in the years between 2021 and 2030, not only in the target year (2030). It is the total amount emitted altogether that matters most for addressing climate change. With gross emissions under current settings estimated to be 783 million tonnes of carbon dioxide-equivalent over the NDC period, we are likely to have an emissions budget of 601 million tonnes. This would make us responsible for reducing emissions by 182 million tonnes, which equates to around a quarter of our projected total emissions between now and 2030.

Our 2021-2030 NDC is the third emissions reduction target New Zealand has taken internationally. We previously set and met our target for 2008-2012 under the Kyoto Protocol, and are on track to meet our target for 2013-2020 under the United Nations Framework Convention on Climate Change.[11] Each of New Zealand's international targets have exceeded the last, and our first NDC target again represents progression beyond our 2013-2020 target.

New Zealand plans to achieve our 2021-2030 NDC target by prioritising domestic emissions reductions across all sectors and greenhouse gases and increasing carbon dioxide removals through forestry. We may supplement our efforts by using international carbon markets with environmental integrity. Cooperating with other countries will enable us to contribute to greater global emissions reductions.

New Zealand's national circumstances include trends of continuing growth of our population and economy, S9(2)(g)(i) . The largest contributors to these emissions are our agriculture (48 per cent) and energy (41 per cent) sectors. Given our existing high proportion of renewable electricity generation (80 to 85 per cent), this means New Zealand has a challenging task ahead. We are mindful, however, that a successful transition to a low emissions, climate-resilient future will require us to overcome these challenges and to capitalise on the opportunities instead.

New Zealand is focused on the Paris Agreement goal of pursuing efforts to limit global temperature increase to 1.5°C above pre-industrial levels. The benefits of staying within 1.5°C, and making far-reaching and rapid transformations, are clearly outlined in the Intergovernmental Panel on Climate Change *Special Report on Global Warming of 1.5°Celsius* and reiterated in the Talanoa *Call to Action*. New Zealand has taken on board these findings in the development of its domestic policy planning; we are placing the objective of 1.5°C at the heart of our response.

Our Climate Change Response (Zero Carbon) Amendment Act 2019 legislates a 2050 emissions reduction target consistent with the 1.5°C threshold, and our 2030 NDC is a waypoint on a journey toward this long-term goal. In keeping with the science, New Zealand is emphasising reductions in the long-lived gases that largely determine long-term warming of the climate. Our 2050 target is therefore set to reduce: emissions of biogenic methane to 24-47 per cent below 2017 levels by 2050, and net emissions of all other greenhouse gases to zero by 2050. It also includes an interim step to reduce biogenic methane emissions to at least 10 per cent below 2017 levels by 2030. New Zealand correspondingly will need to contribute a significant reduction in long-lived gases (currently

[11] New Zealand's 2008-2012 target was to reduce emissions to 1990 levels on average over the Kyoto Protocol First Commitment Period; New Zealand's 2013-2020 target is to reduce emissions by 5 per cent below 1990 levels by 2020.

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estimated at around S9(2)(g)(i) below 2017 levels, by 2030 after accounting for projected forestry removals.

Our 2050 target sits within a broader framework that will enable New Zealand to develop and implement clear and stable climate change policies over time. In addition to the 2050 target, the Zero Carbon Act framework: establishes a system of successive emissions budgets and plans to act as stepping stones toward our 2050 target; establishes a Climate Change Commission to provide independent advice to the Government and monitor our progress toward long-term climate goals; and institutes adaptation measures. The framework aligns New Zealand's transition to the objectives of the Paris Agreement, including balancing emissions and removals in the second half of the century, and supports our commitments to the Carbon Neutrality Coalition. The framework also provides opportunities to reflect on our ambition, with our Climate Change Commission able to advise on any necessary enhancements.

In addition to this overarching framework, New Zealand has put in place a suite of domestic policies to achieve our climate change targets that cover all sources of our emissions. These policies are designed to reduce emissions in an enduring and comprehensive way, although may need adjusting over time as new technologies become available, our national circumstances evolve, other policies are developed, and we receive expert advice from our Climate Change Commission. Some of our key policies at this time include, among many others:

- strengthening our primary tool to reduce emissions, the New Zealand Emissions Trading Scheme, to align its purpose with our Zero Carbon Act framework and the Paris Agreement, and limiting global warming to 1.5°C.
- pricing our agricultural emissions from 2025 onwards.
- requiring government agencies to disclose the greenhouse gas emissions impacts of new policies through Climate Implications of Policy Assessments.
- increasing afforestation as a Nature Based Solution, by improving the NZ ETS afforestation incentive, and encouraging planting the right trees in the right place for the right purpose through the One Billion Trees (by 2028) programme.
- accelerating investment in low emissions solutions through Green Investment Finance Limited and developing a mandatory regime for the disclosure of climate-related financial risks and opportunities.

Beyond our 2021-2030 NDC target, we will continue working with other countries to galvanise and facilitate greater ambition through collaborative initiatives. This includes advocating for ambitious and effective disciplines on inefficient fossil fuel subsidies, employing trade policies, practices and rules to achieve the goals of the Paris Agreement (such as the Agreement on Climate Change, Trade and Sustainability), and committing resources to undertake research and develop technologies for growing more food without growing greenhouse gas emissions (such as the Global Research Alliance on Agricultural Greenhouse Gases).

New Zealand extended its ratification of the UNFCCC and the Paris Agreement to include Tokelau as of 13 November 2017, and **we welcome Tokelau's contribution to addressing climate change.** Tokelau is particularly vulnerable to climate change, and as a small set of atolls, committed to tackling climate change. Tokelau was included in New Zealand's greenhouse gas reporting in 2017, setting a positive example of transparency of its emissions and commitments. Tokelau's contribution represents further action still.

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Appendix 3: Information to facilitate clarity, transparency and understanding of New Zealand's NDC

Quantifiable Information on the reference point and a base year	
Sub-element:	Information:
Reference year(s), base year(s), reference period(s) or other starting point(s):	Base year: 2005
Quantifiable information on the reference indicators, their values in the reference year(s), base year(s), reference period(s) or other starting point(s), and, as applicable, in the target year:	Total emissions in base year (2005): provisional estimate 83.270 (Mt CO2-e)[12]
Information on sources of data used in quantifying the reference point(s):	Base year emissions will be taken from the most recently reviewed national inventory report at the time that New Zealand submits its first biennial transparency report under the Paris Agreement. GWP 100 from the IPCC 4th Assessment Report
Information on the circumstances under which the Party may update the values of the reference indicators:	The most up to date estimate of base year emissions will be used when New Zealand submits its first biennial transparency report under the Paris Agreement. Until then the base year emissions estimate remains provisional
Timeframes and/or periods for implementation	
Sub-element:	Information:
Time frame and/or period for implementation, including start and end date:	Period covered by NDC: 2021 to 2030.
Whether it is a single-year or multi-year target:	Multi-year target, managed using an emissions budget approach to account for emissions in all the years for the period 2021 to 2030. Projected total emissions for the period 2021-2030: 783 Mt CO_2-e Expected emissions budget for the period 2021-2030: 601 Mt CO_2-e Estimated abatement or sequestration needed (i.e. the difference between total emissions and the emissions budget for the period 2021 to 2030): 182 Mt CO_2-e *Note: figures are based on New Zealand's Greenhouse Gas Inventory, published in April 2019, these are provisional until confirmed during the NDC period, and the emissions projections contained in New Zealand's Fourth Biennial Report, published in December 2019.
Scope and coverage	

[12] IPCC 4th Assessment Report

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Sub-element:	Information:
General description of the target	The 2021-2030 NDC target is a responsibility target.
Sectors, gases, categories and pools covered by the nationally determined contribution, including, as applicable, consistent with Intergovernmental Panel on Climate Change (IPCC) guidelines:	The 2021-2030 NDC target is economy-wide covering all sectors: energy, industrial processes and product use, agriculture, land use, land-use change and forestry, waste, and all greenhouse gases: CO_2, CH_4, SF_6, HFCs, PFCs, N_20, NF_3.
Element: Planning processes	
Sub-element	Information:
Information on the planning processes that the Party undertook to prepare its nationally determined contribution:	In preparing its 2021-2030 Intended Nationally Determined Contribution (INDC), the New Zealand Government undertook a comprehensive process that included: carrying out analysis about how options for New Zealand's contribution would compare to global efforts to reduce emissions, taking into account factors such as the cost of effort, national circumstances, historical responsibility for climate change, and national GDP; modelling the impact of different NDC target options on New Zealand's economy and households. This work is published on the Ministry for the Environment's website (*A general equilibrium analysis of options for New Zealand's post-2020 climate change contribution*, and *Modelling the economic impact of New Zealand's post-2020 climate change contribution*); and, conducting public consultation through publication of a discussion document available on the Ministry for the Environment's website (*New Zealand's Climate Change target*), public meetings, hui (meetings), and inviting the public to make submissions on target options and the NDC. New Zealand ratified the Paris Agreement in October 2016, and submitted a 2021-2030 NDC. The submitted NDC underwent a substantial public consultation process, with 15 public meetings and hui held. Additionally, 17,023 written submissions were received from 15,639 submitters. This NDC built on, and reflected a streamlined version of, our initial INDC. This submission process made the NDC accessible to the public. However, the NDC was misinterpreted on occasion. This update of the 2021-2030 NDC therefore enhances the information provided in an effort to improve understanding. The 2021-2030 NDC is one part of New Zealand's wider policy response to climate change. New Zealand's Climate Change Response (Zero Carbon) Amendment Act (passed into law in late 2019) provides a framework to transition New Zealand to a low-emissions, climate-resilient economy. The Government received over 15,000 submissions on the proposals for this Act, and 10,000 submissions as the legislation was being shaped. The Zero Carbon Act set up the Climate Change Commission, an expert-group that provides independent advice to the

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	Government. The Zero Carbon Act provides for the Climate Change Commission to review New Zealand's 2050 emissions reduction target, and when directed, the ability to consider the ambition of our NDCs. The Climate Change Commission was established on the 1st December 2019.
Party's implementation plans, including, as appropriate, domestic institutional arrangements:	New Zealand has implemented, or is planning, a number of policies and institutional arrangements (including legislation and regulations thereunder) to meet its domestic and international climate goals, including its NDC: The Zero Carbon Act provides an enduring framework by which New Zealand can develop and implement clear and stable climate change policies. It achieves this purpose by enshrining in legislation four elements: 1. An emissions reduction target for 2050[13], consistent with the 1.5°C goal. 2. A system of emissions budgets and emission reduction plans to act as stepping stones to the 2050 target and provide a framework for planning. 3. A Climate Change Commission to provide independent advice and monitor progress. 4. Adaptation measures to assess and address the risks from a changing climate. The Climate Change Response (Emissions Trading Reform) Amendment Bill has been introduced to reform the New Zealand Emissions Trading Scheme as our primary policy tool to reduce emissions and ensure our commitments under the Paris Agreement are met. A new framework, the Climate Implications of Policy Assessment, was established in 2019 to enable central government agencies to undertake and report a greenhouse gas emissions analysis for all new policy proposals that meet certain qualifying criteria. This allows New Zealand to measure, monitor and report on government interventions that will impact New Zealand's greenhouse gas emissions. The Government is committed to ensuring a just transition towards a low-emissions and climate resilient economy. Further, New Zealand has a package of domestic policies, including sustainable finance New Zealand provides leadership in research, innovation and technical solutions to reduce emissions from agriculture. An example of this is the New Zealand Agricultural Greenhouse Gas Research Centre. The

[13] The emissions reduction target for 2050 is net zero global greenhouse gas (GHG) emissions by 2050, excluding biogenic methane, and a 24-47 per cent reduction of biogenic methane by 2050 compared to 2017 levels.

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	purpose of the Centre is to deliver knowledge, technologies and practices to enable New Zealand to enhance agricultural productivity in an emissions constrained world. In 2016, New Zealand adopted the Kigali Amendment to the Montreal Protocol on Substances that Deplete the Ozone Layer. New Zealand has completed the domestic processes required to meet the Amendment's obligations, which entered into force on 1 January 2020. As technologies become available and national circumstances evolve, New Zealand may realign the aforementioned policies and/or introduce new policies to reduce emissions. Further information about these policies and institutional arrangements is available online, noting the New Zealand Ministry for the Environment, Ministry of Foreign Affairs and Trade, and Ministry for Primary Industries' websites in particular. Details are also included, or anticipated for inclusion, in New Zealand's National Communications and Biennial Reports under the UNFCCC, and future Biennial Transparency Reports under the Paris Agreement.
Party's implementation plans, including public participation and engagement with local communities and indigenous peoples, in a gender-responsive manner:	New Zealand is founded on a partnership between the Crown and indigenous New Zealanders, Māori, through the Treaty of Waitangi. Te Puni Kōkiri is the Ministry for Māori Development. It advises on policy affecting Māori wellbeing and development. Further, Te Arawhiti is the Ministry of Māori-Crown relations and provides guidance and support relationships with Māori. The passing of the Zero Carbon Act, and the statutory provisions set up around the emissions reduction plans, resulted in requirements to develop strategies to recognise and mitigate impacts on Māori. This programme can only be achieved through engagement with Māori. • The Ministry for the Environment is working with Māori to establish an engagement process (Ihirangi) to ensure that Māori perspectives are included in policy development, as well as recognising the impacts that specifically affect Māori (i.e. co-design approach). The establishment of this process (involving a core Māori group and regional linkages) aligns with the intent of the Government's Engagement Framework and Partnership Guidelines. o A number of ways exist to engage with Māori on their perspectives of the risks and opportunities presented by climate change and specific policies in response. More recently, the Government has developed the Māori-Crown Engagement Framework and Partnership Guidelines to ensure Māori have full involvement in all phases of policy design,

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	implementation, and evaluation to support agencies to develop true partnerships with Māori. • Māori-focused research aligned with integrated farm systems, which seeks to assist the Māori pastoral sector to increase resource efficiency and farm productivity while lowering greenhouse gas emissions. The New Zealand Government will undertake targeted engagement with stakeholders, including iwi/Māori, on the updated NDC
Contextual matters, including, inter alia, as appropriate, national circumstances, such as geography, climate, economy, sustainable development and poverty eradication:	New Zealand became a Party to the Paris Agreement because we are committed to contributing to collective global action on climate change. We need all countries to contribute, and need to be able to hold all countries to account. We actively support the Paris Agreement not only to help protect New Zealand's economic, social, cultural and environmental interests, but also to encourage others to take action on climate change. New Zealand is a long, narrow and mountainous country with two main islands, and a number of smaller outlying islands. New Zealand is expected to see a 50 per cent growth in population between 1990 and 2030. This growth is significant, with relatively low population density. We have an open, trade-reliant economy founded in the agricultural and land sectors. New Zealand is, however, geographically distant from international markets and trading partners, being located in the South Pacific. New Zealand has an export-dependent economy, with a significant reliance on the agriculture sector. Some 85 per cent of New Zealand's total food production goes to the international market. New Zealand's geography and population distribution have contributed to a dependence on fossil fuel-powered transport. Because of this, and New Zealand's primary sector exports base, emissions are dominated by the agriculture and energy sectors, which together comprise approximately 88 per cent of gross emissions. New Zealand has seen strong economic growth since 1990. New Zealand has high levels of renewable energy use and a long history of renewable energy development. Approximately 80 per cent New Zealand's electricity generation uses renewable resources – primarily hydro-generation. Continued development of geothermal and wind generation has seen the amount of electricity generated from these sources more than triple over the last two decades. Considering the high levels of existing renewable electricity generation, there is less gross emissions reduction potential from the energy sector than in other jurisdictions. This presents a challenge to abatement options. Despite this, New Zealand is looking to

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	make further gains in this area. The Government has an aspirational goal of 100 per cent renewable electricity by 2035, with five-yearly assessments to ensure that security of supply and affordability of electricity are well-maintained. [The Government is also currently consulting on policy options to encourage energy efficiency and the uptake of renewable fuels in industry, and on accelerating renewable electricity generation and infrastructure.] New Zealand is in the process of decoupling emissions from economic growth, although emissions continue to grow off the back of strong economic and population growth. The policies and measures we are putting in place now will make an impact towards reducing our emissions over the period 2021 to 2030 (as projected in New Zealand's Fourth Biennial Report).
Contextual matters, including, inter alia, as appropriate, other contextual aspirations and priorities acknowledged when joining the Paris Agreement:	New Zealand became a Party to the Paris Agreement because doing so would contribute to collective global action on climate change, help protect New Zealand's economic, social, cultural and environmental interests, encourage others to take action on climate change, and maintain our positive international reputation and our ability to influence international climate change processes. New Zealand is committed to an effective international system that addresses climate change, has environmental and scientific integrity, is multilateral and rules-based (i.e. we need all countries to contribute, and need to be able to hold all countries to account). By participating we want to ensure that the Agreement will be practical and based on continuous improvement, also that it recognises and protects the rights and interests of indigenous peoples. Through these we encourage and support action in areas where we are well positioned to accelerate the collective effort.
Element: Assumptions and methodological approaches, including those for estimating and accounting for anthropogenic greenhouse gas emissions and, as appropriate, removals	
Sub-element:	Information:
Assumptions and methodological approaches used for accounting for anthropogenic greenhouse gas emissions and removals corresponding to the Party's NDC, consistent with decision 1/CP.21, paragraph 31, and accounting guidance adopted by the CMA:	The NDC applies 100 year Global Warming Potentials (GWPs) from the IPCC 4th Assessment Report, and methodologies from the IPCC 2006 Greenhouse Gas Inventory Guidelines and the 2013 IPCC Kyoto Protocol Supplement. New Zealand's accounting for Land use, land-use change and forestry (LULUCF) will be based on a combination of the 2006 IPCC Guidelines and the 2013 IPCC Kyoto Protocol Supplement, and is detailed below. It will be done in accordance with methodologies and common metrics assessed by the IPCC and in accordance with decision 18/CMA.1. Any information on own methodology used, will be consistent with Article 4, paragraph 6, of the Paris Agreement.

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	Forests established after the base year (1990) will be accounted for up until they reach their long-term average carbon stock. After this point is reached, the forest will be accounted for under a business-as-usual reference level (e.g. similar to Forest management under the Kyoto Protocol). The approach will take into account all carbon pools (e.g. alive and dead biomass, harvested wood products (HWP) and soil). New Zealand will continue to account for all deforestation emissions, as per the Kyoto Protocol. Forests established before the base year will continue to be accounted for under a business-as-usual reference level, as per the Kyoto Protocol. This approach is used to address the dynamic effects of age structure resulting from historical activities and practices, and the ongoing cycles of forest harvest and regrowth that occur as part of normal, sustainable forest management. Accounting provisions to address natural disturbance, land-use flexibility, legacy effects, non-anthropogenic effects and additionality since the base year will also continue to apply, building on existing guidance. HWP accounting will be based on the production approach. New Zealand's approach recognises that accounting methodologies need to focus on anthropogenic effects and create incentives for mitigation that promote sustainable land management. New Zealand shows consistency with greenhouse gas inventories, pursuant to Article 13, paragraph 7(a), of the Paris Agreement.
Assumptions and methodological approaches used for accounting for the implementation of policies and measures or strategies in the NDC:	Assumptions and methodological approaches include: population and GDP assumed to increase over time and effective carbon price assumption. Currently implemented and adopted policies and measures: the difference between with measures (WEM) and without measures (WOM) scenarios. Additional policies and measures effect: the difference between WEM and with additional measures (WAM) scenarios emissions and removals.
If applicable, information on how the Party will take into account existing methods and guidance under the Convention to account for anthropogenic emissions and removals, in accordance with Article 4, paragraph 14, of the Paris Agreement, as appropriate (i.e.	New Zealand's national system is designed specifically for the avoidance of double counting. We have developed a national monitoring system for land use, land-use change and forestry that utilises wall-to-wall mapping and periodic forest monitoring. The wall-to-wall mapping approach ensures emissions and removals from land-use and forests are identified and counted only once. There is regular information sharing between the national system and the NZ ETS to ensure all forests are identified and correctly

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how we promote environmental integrity, TACCC, and ensure avoidance of double counting):	classified. New Zealand has a national Emissions Trading Register which manages the accounting, reporting and reconciliation of emissions and unit holdings and transactions as part of the NZ ETS. Further, New Zealand has a voluntary emissions offsetting work programme that provides guidance on how to avoid double counting when organisations use NZ ETS units for voluntary emissions offsetting. Environmental integrity is ensured in the greenhouse gas inventory, forestry and in the NZ ETS. Internal quality assurance processes ensure environmental integrity in the inventory. The quality assurance and quality control plans are reviewed annually. The quality assurance and quality control processes have a significant role in the preparation of the inventory to ensure the core principles of transparency, accuracy, completeness, comparability and consistency (TACCC) are achieved. More information can be found in New Zealand's Seventh National Communication. New Zealand's commitment to integrity is also evident in international negotiations, where New Zealand is a leader in discussions regarding the avoidance of double counting in international markets.
IPCC methodologies and metrics used for estimating anthropogenic greenhouse gas emissions and removals:	See assumptions and methodological approaches used for accounting for anthropogenic greenhouse gas emissions and removals, above.
Sector-, category- or activity-specific assumptions, methodologies and approaches consistent with IPCC guidance, as appropriate, including, as applicable: (i) Approach to addressing emissions and subsequent removals from natural disturbances on managed lands; (ii) Approach used to account for emissions and removals from harvested wood products; (iii) Approach used to address the effects of age-class structure in forests:	New Zealand's assumed accounting for LULUCF sector will be based on a combination of the 2006 IPCC Guidelines and the 2013 IPCC Kyoto Protocol Supplement, providing for Kyoto Protocol accounting approaches to be applied to the greenhouse gas inventory land-based categories. New Zealand's existing activity start year of 1990 will continue to apply, ensuring continuity of action with previous commitments. New Zealand's LULUCF approach assumes accounting will be either land or activity based, and will apply existing IPCC methodologies to distinguish areas subject to direct human-induced change from those under pre-existing management, as follows: a. Forests established from the activity start year will continue to be accounted for as they would under the Kyoto Protocol, but once they attain their long-term average carbon stock, taking into account all carbon pools and activities, the forest will transfer to the 'forest management/forest remaining' forest category, where it will be accounted for under a business-as-usual reference level. New Zealand will continue to account for all deforestation emissions. b. Forests established before the activity start year will continue to be accounted for under a business-as-usual reference level, as per the Kyoto Protocol, to address the

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	dynamic effects of age structure resulting from activities and practices before the reference year, and the ongoing cycles of forest harvest and regrowth that occur as part of normal, sustainable forest management. c. Accounting provisions to address natural disturbance, land-use flexibility, legacy effects, non-anthropogenic effects and additionality since the activity start year will also continue to apply, building on existing guidance. HWP accounting will be based on the production approach. New Zealand's LULUCF use approach builds on experience with accounting under the Kyoto Protocol to recognise and focus on additional action. This approach will create incentives for the establishment of new forests, recognise permanent, long-term enhancements of carbon sinks resulting from new management, and take responsibility for deforestation, while accommodating the long-term cycles in net emissions and removals that arise from sustainable forest management.
The intention to use voluntary cooperation under Article 6 of the Paris Agreement, if applicable:	In meeting its 2021-2030 NDC, New Zealand intends to use international market mechanisms, cooperative approaches and carbon markets that have environmental integrity, including through guarding against double-claiming and/or double-counting, by ensuring transparency in accounting and governance, and by ensuring environmental integrity of emissions reductions generated or purchased.
Element: How the Party considers that its NDC is fair and ambitious in the light of its national circumstances	
Sub-element:	Information:
How the Party considers that its NDC contribution is fair and ambitious in the light of its national circumstances:	New Zealand is responsible for low levels of emissions now and historically (0.17 per cent of global gross emissions in 2017). Countries which each individually contribute one per cent or less of global emissions account for nearly a quarter of total emissions. Therefore, New Zealand's efforts matter. The likely cost to the New Zealand economy of meeting this NDC budget in terms of GDP is high relative to many other parties. This is due to a number of factors, such as the existing high level of renewable electricity generation (80-85 per cent), and the make-up of our emissions profile, where almost half of our total emissions originate from agriculture. New Zealand's 2050 target places an emphasis on long-lived gases. The target is to reduce global greenhouse gas (GHG) emissions to net zero by 2050 (excluding biogenic methane for which the target is 24-47 per cent below 2017 levels). The outcome we seek for the 'form' or 'type' of contribution we deliver is an NDC that provides a fair, comparable and transparent representation of New Zealand's effort on climate change.

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	Different forms of contribution will better facilitate the accurate measurement of reductions to track progress towards a country's global goal than others, or more clearly (or fairly) represent a country's "effort" (depending on their national circumstance).
Fairness considerations, including reflecting on equity:	A basket of indicators can give an idea of countries' efforts, and New Zealand looked at factors such as: national circumstances, including evolving circumstances such as population growth rates, the size of the forestry sector, the size of the agriculture sector, and access to natural resources; cost of effort (sharing), including to the economy; resource sharing, such as sharing greenhouse gas emissions, including carbon dioxide versus methane per capita; historical responsibility for climate change; income and capacity, such as the ability to afford to mitigate more emissions than others; abatement required to meet NDC headline target, and the gap between the business-as-usual emissions curve and emissions curve needed to meet the NDC target.
How the Party addressed Article 4, paragraph 3, of the Paris Agreement (i.e. how NDC target represents progression and highest possible ambition):	New Zealand's NDC target represents a progression beyond New Zealand's current 2020 target in terms of headline number, cost and emissions impact, reduction from business-as-usual emissions, improvement in emissions efficiency of the New Zealand economy and a stronger focus on domestic emissions reductions.
How the Party has addressed Article 4, paragraph 6, of the Paris Agreement (i.e. LD and small island developing states may prepare and communicate strategies, plans and actions for low greenhouse gas emissions development reflecting their special circumstances):	N/A – noting Tokelau's preference to append an NDC to New Zealand's.
Element: How the NDC contributes towards achieving the objective of the Convention as set out in its Article 2	
Sub-element:	Information:
Article 2 of the Convention (i.e. stabilisation of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system):	New Zealand welcomed the IPCC's *Special Report on global warming of 1.5°C*, and the urgency of climate action that we have a duty to respond to. New Zealand's target choice should primarily be guided by the best available scientific knowledge. The IPCC is the definitive source of evidence to support climate change policy development. Its reports represent the best expert assessment of global knowledge on climate change. New Zealand has a duty to respond to the IPCC's conclusion that limiting global warming to 1.5°C "would require rapid and far-reaching transitions" in most human activities; as well as the inclusion of emissions pathways consistent with limiting warming to 1.5°C, which have
How the nationally determined contribution contributes towards Article 2, paragraph 1(a), and Article 4, paragraph 1, of the Paris Agreement. (i.e. global temperature goals, including to limit global temperature to 1.5°C):	

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	gained considerable influence as representing what is "necessary" to achieve the aim of the Paris Agreement. The report provided evidence to inform the 2050 target in New Zealand's Climate Change Response (Zero Carbon) Amendment Act, which will be a significant challenge requiring early and more ambitious action across all sectors. The Act has legislated a domestic target out to 2050 that is consistent with 1.5°C. The NDC contributes towards these Articles by acknowledging the contribution of the Talanoa Dialogue. Additionally, there is a planned proposal to request the Climate Change Commission to review our NDC to provide advice about New Zealand's targets (and the NDC target).

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Out of scope

Out of scop

Document 12

Ministry for the Environment
Manatū Mō Te Taiao

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

Draft terms of reference for the Climate Change Commission's provision of advice relating to the 2050 target for biogenic methane and New Zealand's first Nationally Determined Contribution (NDC)

Date Submitted:	27/02/2020	Tracking #: 2020-B-06508	
Security Level	RESTRICTED	MfE Priority:	Urgent

	Action sought:	Response by:
To Hon James Shaw, Minister for Climate Change	**Discuss** feedback at officials meeting on Monday, 02 March **Agree** that the terms of reference, once finalised, will be released publicly	02 March 2020

Actions for Minister's Office Staff	**Return the signed report to MfE.**
Number of appendices and attachments 1	Titles of appendices and attachments: 1. Draft terms of reference for the Climate Change Commission on advice and recommendations to the Minister for Climate Change

Ministry for the Environment contacts

Position	Name	Cell phone	1st contact
Principal Author	Adam Bradshaw		
Responsible Manager	Sarah Deblock	0220124772	✓
Director	Roger Lincoln		

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Draft terms of reference for the Climate Change Commission's provision of advice relating to the 2050 target for biogenic methane and New Zealand's first Nationally Determined Contribution (NDC)

Key Messages

1. The purpose of this briefing is to provide you with the draft terms of reference that will guide the work of the Climate Change Commission (the Commission) in their provision of advice on the 2050 biogenic methane target and New Zealand's first Nationally Determined Contribution (NDC).
2. Following your letter of 18 February 2020, addressed to Dr Rod Carr, Chair of the Commission, indicating your intention to request advice on the above matters, officials met with members of the Commission to review the draft terms of reference.
3. A draft terms of reference that includes the Commission's initial feedback is appended to this briefing for your review and feedback.
4. These draft terms of reference will be discussed during your meeting with Dr Rod Carr on 3 March.

Consultation with the Commission, stakeholders and officials

5. Under s 5K (2) of the Climate Change Response Act (CCRA), consultation with the Commission is required on the terms of reference, prior to making an official request for advice. Requisite consultation is underway between MfE officials and members of the Commission.
6. The Commission has indicated that it will hold a public consultation prior to finalising its advice, in fulfilment of the requirements under s 5N of the CCRA. This consultation is likely to take place in the fourth quarter of 2020.
7. The draft terms of reference has been shared with MFAT officials to inform, and seek their comments. Any feedback will be discussed at the officials meeting on Monday, 02 March.

Independence of the Climate Change Commission

8. The reporting duties of the Commission are intended to be carried out independently, in accordance with s 5O of the CCRA. It is officials' advice that any questions you, or officials may have about the advice that the Commission will provide, should be articulated through the terms of reference. Once the terms of reference have been finalised, these cannot be amended on an ad-hoc basis.

Resource implications for the Climate Change Commission

9. In light of your intention to request advice, the Commission has indicated that the resource implications of this work are being considered. This is likely to be raised by Dr Carr in your upcoming meeting, Tuesday, 3 March.

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Recommendations

10. We recommend that you:

a. **Discuss** the draft terms of reference and any feedback at the officials meeting on Monday, 02 March

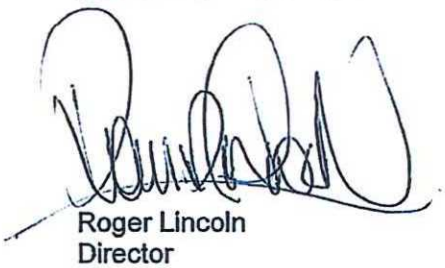
Yes/No

b. **Note** that MfE officials have shared the draft terms of reference with MFAT and will inform you of any comments at the next officials meeting on 2 March

c. **Agree** that the terms of reference, once finalised, will be released publicly

Yes/No

Signature



Roger Lincoln
Director
Climate Change Directorate

Hon James Shaw
Minister for Climate Change **Date**

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Restricted

Office of the Minister for Climate Change

Chair, Cabinet Environment, Energy and Climate Committee

Updating New Zealand's Nationally Determined Contribution under the Paris Agreement

Proposal

1. Parties to the Paris Agreement have committed to communicate or update their Nationally Determined Contributions (NDCs) by March 2020. In 2016, New Zealand ratified the Paris Agreement and we submitted our NDC which covers a ten year period from 1 January 2021.
2. I seek Cabinet's approval to submit an update of New Zealand's 2021-2030 NDC to the United Nations Framework Convention on Climate Change UNFCCC). (Appendix 1).
3. I propose to return to Cabinet in early 2021 following advice from the Climate Change Commission on whether New Zealand's NDC should change to bring it in line with the global temperature goal of 1.5°C and, if so, how.
4. I propose to enhance New Zealand's existing NDC with a narrative highlighting our 2050 target and other domestic action, further technical information to facilitate clarity, transparency and understanding of the NDC, and information on Tokelau's climate contribution. This does not change the headline number of the emissions reduction target component of New Zealand's NDC nor will it confer additional obligations on New Zealand.

Executive summary

5. New Zealand's NDC target under the Paris Agreement is to reduce emissions to 30 per cent below 2005 levels by 2030. This is an absolute reduction target managed using an emissions budget approach across the period 2021-2030. This means we will be responsible for reducing emissions to that level on average throughout our entire NDC period.[1]
6. Cumulatively, existing NDCs do not represent sufficient ambition to limit warming to 1.5°C and there is a clear need for greater global action on climate change. Parties to the Paris Agreement, including New Zealand, have committed to communicate or update their NDCs by March 2020.
7. It is also an opportunity for New Zealand to affirm its full commitment to global action to limit warming to 1.5°C, and communicate our extensive domestic action on climate change.
8. I propose that New Zealand updates its NDC with information on our changed domestic context, particularly the Climate Change Response (Zero Carbon) Amendment Act (Zero Carbon Act) 2050 target. This 2050 target is compatible with limiting warming to 1.5°C. In addition to a narrative highlighting domestic action, I propose to enhance the NDC with

[1] This is a "responsibility target", meaning that the target could be met through a combination of domestic emissions reductions, purchases of international units and domestic sinks. Domestic sinks means any process, activity or mechanism which removes a greenhouse gas.

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technical information to improve understanding of the challenge it encompasses for New Zealand. I seek Cabinet's agreement to submit the 2021-2030 NDC update (Appendix 1) to the UNFCCC.

9. In 2017, Tokelau asked New Zealand to extend its territorial application of both the UNFCCC and Paris Agreement to Tokelau, which means New Zealand's reporting now includes Tokelau. Officials are working with Tokelau on how to appropriately include Tokelau's climate contribution as part of New Zealand's 2021-2030 NDC update. I seek Cabinet's agreement for delegated authority to the Minister for Climate Change and the Minister of Foreign Affairs to approve the Tokelauan content, once it is available.

10. There is a high likelihood that New Zealand's NDC update may be received negatively by some countries and commentators, as it does not raise the headline level of our emissions reduction budget for 2030.

11. I had originally planned on revisiting the NDC's ambition in 2019, but deferred due to delays to the Zero Carbon Act which consequently delayed the establishment of the Climate Change Commission. The Commission will provide independent, expert advice, including on New Zealand's climate change targets.

12. Although we have committed to this update in 2020, under the Paris Agreement, New Zealand is able to amend our NDC at any stage. We are not limited in opportunities to revise our target, only on the nature of the revision as we need to demonstrate progression and increased ambition over time. This is set out in Article 4(11) of the Paris Agreement, which states that a Party may at any time adjust its existing nationally determined contribution with a view to enhancing its level of ambition.

13. I have requested the Climate Change Commission provide advice and recommendations to the Government on whether the NDC should change to bring it in line with the global 1.5°C temperature goal and, if so, how. Following the Commission's advice, it may be appropriate for the NDC target to be revisited, but this advice will not be available prior to 2021.

14. Until such time as the Commission reports back, our NDC update seeks to mitigate the risk of being negatively received by highlighting New Zealand's enhanced domestic action, and by improving understanding of the nature and scale of our NDC. Other developed countries have also planned a similar approach to their updated NDCs, such as Switzerland. Despite the apparent risk of being negatively received, Switzerland's recently submitted NDC update that indicated that the headline target would not change, was received favourably by international commentators due to its timely submission.

Background

New Zealand is committed to ambitious climate action and the Paris Agreement

15. The Paris Agreement was designed to ensure that all countries, no matter how big or small, contribute to keeping average global temperature increase to well below 2°C above pre-industrial levels, and pursuing efforts to limit the temperature increase to 1.5°C.

16. NDCs represent each country's contribution to these global temperature limits. NDCs are required to show a country's highest level of ambition to reduce global emissions, a progression on previous efforts, and to be more ambitious over time.

17. New Zealand's NDC represents our international contribution to mitigating climate change. It is a waypoint on a long-term journey towards the 2050 targets we set under the Zero Carbon Act, which are consistent with 1.5°C. It also sets us on a path aligned with the Paris Agreement's Article 4(1) objective for Parties to aim for carbon neutrality – balancing emissions and removals – in the second half of the century.

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18. New Zealand's NDC is to reduce emissions to 30 per cent below 2005 levels by 2030. New Zealand's projected total emissions across the period 2021-2030 are 783 Mt CO_2-e, with an expected emissions budget of 601 Mt CO_2-e. Accordingly, the estimated abatement or sequestration needed over that ten year period is 182 Mt CO_2-e.

19. New Zealand's NDC is a "responsibility target", meaning that the target could be met through a combination of domestic emissions reductions, emissions removals (e.g. from forestry and other land use), and access to international carbon markets. We do not need to make decisions on how we will meet our NDC at this stage.

Enhancing NDCs in 2020

20. As outlined above, Parties to the Paris Agreement have committed to communicate or update their NDCs in 2020. There are increasing calls for these updates to "enhance" the ambition of NDCs.

21. Enhancement can be interpreted as increasing the headline number of the NDC target, aligning the NDC's implementation with long-term goals and/or by providing enhanced information to improve transparency[2] and understanding of NDCs.[3]

The need for increased global ambition

22. The Paris Agreement remains the most important forum for addressing climate change. It has near universal membership and continues to attract significant public and media interest. With the Paris "rulebook" largely finalised over the past two years, attention is increasingly focusing on the Agreement's implementation. Many countries, including New Zealand, have made efforts to implement the Paris Agreement by putting in place comprehensive domestic policies and measures and long-term climate goals.

23. Despite this, 2020 will be an important test for the Paris Agreement as current NDCs do not cumulatively represent sufficient action to limit warming to 1.5°C[4] and there is mounting evidence that urgent action is needed to significantly reduce global emissions before 2030 in order to meet the 1.5°C goal.[5]

24. New Zealand actively works to address the "global ambition gap". The 2018 Talanoa Dialogue sought to influence countries to increase their ambition when updating their NDCs. New Zealand acknowledged the significant gap between current global emissions and the 1.5°C scenario, endorsing the Talanoa Call to Action at COP24. The United Nations Secretary-General's (UNSG) Climate Action Summit 2019 also pushed for increased action and ambition of NDCs. New Zealand played a significant role through co-leading the Nature Based Solutions pillar with China, encouraging countries to "unlock the full potential of nature in climate action."

25. Calls for increased ambition featured last year at COP25 in Madrid[6] and I expect global ambition and Parties' updated NDCs to be in the spotlight at COP26 in Glasgow in November 2020. The European Union (EU) has announced that it will increase its NDC from a 40 per cent to a 55 per cent reduction from 1990 levels by 2030. Similarly, Norway has recently announced that they will increase their NDC from a 40 per cent to a 50-55 per cent reduction by 2030. S6(b)

[2] More specifically, to improve "clarity, transparency and understanding" as per UNFCCC decision 4/CMA.1.

[3] World Resources Institute (2019). *Enhancing NDCs: A Guide to Strengthening National Climate Plans by 2020.*

[4] This has been illustrated in a number of reports, including the recent UNEP Emissions Gap Report 2019 which found that countries would need to increase their 2030 climate plans more than fivefold to limit global temperature rise to the 1.5°C goal of the Paris Agreement.

[5] The IPCC Special Report on 1.5°C found that in pathways limiting global warming to 1.5°C, global net human-caused emissions of carbon dioxide fall by about 45 per cent from 2010 levels by 2030, reaching 'net zero' around 2050. This means that any remaining emissions would need to be balanced by removing CO_2 from the air.

[6] Global ambition featured in the COP's outcome the *Chile Madrid Time for Action* (Decision 1/CP.25 and 1/CMA.2).

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S6(b) [redacted]

26. There are signals that others will follow suit, including s 6(a) [redacted]. Some others, like s 6(a) [redacted] do not plan to increase their headline numbers but to enhance their NDCs with additional information to provide a narrative and align NDC implementation with their long-term climate goals. Switzerland has recently submitted their NDC update and indicated that the headline number would not change.

Analysis

Approach to updating New Zealand's NDC in 2020

27. New Zealand's NDC is short and succinct. Its structure has been modelled on how Parties to the Kyoto Protocol communicated their commitments. However, our existing NDC is not well understood. Public commentators often mischaracterise the nature and ambition of our NDC, which is then reported in domestic media coverage.[7]

28. Some Parties to the Paris Agreement have used, or plan to use, their NDCs to describe their approach to climate action, beyond an emissions reduction target. I propose that New Zealand enhance its NDC by providing increased information on our climate action, and its contribution towards limiting global temperature rise to 1.5°C.

29. The proposed update of the NDC was guided by the following principles:

- New Zealand's commitment to limiting global temperature rise to 1.5°C (rather than 2°C);
- The NDC should effectively communicate the challenging nature of New Zealand's contribution to the global effort including through our domestic policies and measures;
- The NDC should be enduring in nature and reflect the fact that domestic policies and actions may change or evolve over time, for example in response to the independent Climate Change Commission's advice, or due to technological advancements;
- The NDC should be clearly communicated to ensure understanding of the technical elements of the NDC and how these enhance ambition, for example the implications of taking an absolute emissions budget approach, rather than a single year target;
- The NDC should not prejudge how New Zealand will meet our NDC, but should continue to keep the option of using international carbon markets open for future governments, as a way to supplement domestic action.

Proposed NDC update

30. I seek Cabinet's agreement to the update of New Zealand's NDC contained in Appendix 1. This update reflects the principles outlined above. It highlights some of New Zealand's domestic developments and international contributions that illustrate the ambition of our climate action, and includes technical information to improve understanding of our NDC.

[7] For example, Climate Action Tracker's report on New Zealand mischaracterises New Zealand's NDC to represent a weaker emissions reduction target than it actually is, by representing it as a 2030 single year target instead of a 2021-2030 budget period.

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31. The key messages that I propose to communicate in the NDC update are summarised below:

- New Zealand is committed to playing its part and taking action on climate change as part of the global effort through the Paris Agreement and in line with the IPCC Special Report on 1.5°C and the Talanoa Dialogue Call to Action.
- New Zealand has enhanced its NDC with information on our domestic context including the Zero Carbon Act framework, and the 2050 targets.
- The 2050 targets will drive New Zealand's transition to a low emissions, climate resilient future and support New Zealanders to make decisions that will reduce emissions and promote climate resilience. Our NDC is our international contribution to climate change and a waypoint on a long-term journey towards our 2050 targets.
- Our domestic mitigation targets address long-lived and short-lived gases appropriately, considering scientific understanding of their different effects. We will take strong action on long-lived gases as these emissions remain in the atmosphere for centuries, increasing in concentration as long as the gases continue to be emitted and largely determine long-term warming.
- New Zealand's national circumstances directly relate to our emissions profile. New Zealand's population and economy are predicted to continue growing. The largest contributors to these emissions are the agriculture (48 per cent) and energy (41 per cent) sectors. New Zealand has a high proportion of renewable electricity generation (80 to 85 per cent).
- Achieving New Zealand's NDC target will be challenging. New Zealand's NDC under the Paris Agreement is to reduce emissions to 30 per cent below 2005 levels by 2030. As the NDC is an absolute emissions reduction target managed using an emissions budget approach, this means New Zealand will be responsible for reducing emissions across the entire NDC period, 2021-2030. This would make us responsible for reducing emissions by 182 million tonnes, which equates to around a quarter of our projected total emissions between now and 2030.[8]
- The 2021-2030 NDC is a waypoint on a journey toward the long-term 2050 target. New Zealand is set to reduce emissions of biogenic methane to 24-47 per cent below 2017 levels by 2050, and net emissions of all other greenhouse gases to zero by 2050. This includes an interim step to reduce biogenic methane emissions to at least 10 per cent below 2017 levels by 2030, as legislated for in the Zero Carbon Act. As a result of the comparatively low level of reduction in biogenic methane emissions, emissions of all other gases will have to reduce significantly more, in order to meet the NDC target. I anticipate that the Climate Change Commission will provide some clarity on how much all other gases will need to reduce by when they advise the Government on the first three emissions budgets in early 2021.
- New Zealand's NDC is a "responsibility target", meaning that the target could be met through a combination of domestic emissions reductions, emissions removals, and access to international carbon markets.
- We are putting in place the policies we need with a comprehensive package of domestic action that cover all parts of our emissions profile. These are supported by legislation and processes to reduce emissions and guide our transition, such as the independent Climate Change Commission, Climate Implications of Policy

[8] Based on projections in New Zealand's 4th Biennial Report, 2019.

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Assessment requirements, and a strengthened New Zealand Emissions Trading Scheme (NZ ETS).

32. New Zealand will continue to use Global Warming Potentials (GWPs) from the IPCC's Fourth Assessment Report (AR4) for accounting for the NDC.

33. The international community is expected to agree to specify which 100-year GWPs from the IPCC's Fifth Assessment Report (AR5) are to be used in greenhouse gas inventory reporting under the Paris Agreement. This will flow through into NDC accounting. This work is scheduled to conclude by the end of 2020, although a final decision may be delayed to 2021. New Zealand is committed to following the reporting and accounting rules that are agreed under the Paris Agreement, and once a decision is made on the application of GWPs, New Zealand will be in a position to bring its reporting and accounting into line.

34. Parties to the Paris Agreement can update their NDCs at any time as long as the ambition doesn't decrease. When rules on AR5 GWPs are agreed internationally, New Zealand can then choose to align with this in accounting for its 2021-2030 NDC for comparability and consistency with other countries, including with inventory reporting for that period. The accounting guidance agreed at COP24 specifies that AR5 must be used for second and subsequent NDCs and that Parties may elect to apply such guidance to their first NDC[9].

35. The move to AR5 GWPs for accounting for the first NDC will change the estimated abatement task in our NDC. Using AR5 GWPs will change emissions in the base year (2005), the 2021-2030 projected emissions budget, and, accordingly, the estimated abatement task.

Including Tokelau in New Zealand's NDC

36. Officials have also consulted the Government of Tokelau, to ensure that Tokelau's climate contribution is appropriately included in New Zealand's 2021-2030 NDC update. This reflects that New Zealand's application of the Paris Agreement was extended to Tokelau in 2017 and that Tokelau is now included in New Zealand's international greenhouse gas reporting.

37. Tokelau has indicated that it wishes to be included in our NDC update. The Ministry of Foreign Affairs and Trade (MFAT) is working with Tokelauan officials to ensure Tokelau is appropriately included. Tokelauan officials have advised that they will provide their submission on 17 March 2020. Therefore, I propose that Cabinet delegate authority to the Ministers of Climate Change and Foreign Affairs to approve Tokelauan content.

Timing considerations

38. S9(2)(h) [redacted]

39. I may need to exercise some flexibility over the timing in order to include Tokelau's climate contribution and to coordinate with the timing of countries which are taking a similar approach to New Zealand.

Revisiting the NDC's ambition in future

[9] Through Katowice Decision 4/CMA.1 UNFCCC Parties agreed specific and detailed guidance on the information to be provided in NDCs and strongly encouraged Parties to provide this information in relation to their first NDCs, including those communicated or updated by 2020. The decision didn't specify however which AR5 GWP was recommended for countries to use, and this decision is still to be made by the international community.

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40. Under the Paris Agreement, Parties are required to communicate an NDC every five years. All Parties to the Paris Agreement, under article 4(11), are able to review and resubmit their NDC at any stage and NDCs are expected to be progressive (i.e. represent an increase in ambition over time).

41. Any decision on changing the NDC should take into account the Climate Change Commission's advice on emissions budgets, and this was not possible for this first NDC update.

42. I have requested the Climate Change Commission provide advice and recommendations to the Government on whether the NDC should change to bring it in line with the global 1.5°C temperature goal and, if so, how. It may be appropriate for the NDC target to be revisited following the Commission's advice.

43. New Zealand's second NDC is due to be submitted in 2025, to cover the period 2031-2035. Our second NDC will be informed by the Commission's advice.

Consultation

44. This paper was prepared by the Ministry for the Environment, with input from the Ministry of Foreign Affairs and Trade.

45. The Treasury, the Ministry for Primary Industries, Te Arawhiti, the Department of the Prime Minister and Cabinet and the Ministry of Business, Innovation and Employment were consulted in its preparation. Te Puni Kōkiri have been informed. Where feedback was received it is reflected in this paper.

46. Officials are investigating whether to adopt a land-based (similar to reporting of all land-uses in the Land-Use, Land-Use Change and Forestry sector) or an activity-based approach (similar to accounting under the Kyoto Protocol) to accounting under the Paris Agreement. The decision on the approach taken will be part of He Waka Eke Noa's investigation into the recognition of on-farm sequestration. Officials will provide an initial assessment within the report back to Cabinet in April 2020 on potential options for domestic incentives. Ministers will report back in 2022 on how and what type of removals could be recognised, as part of developing a farm level pricing scheme. Extending coverage to account for non-forest vegetation also aligns with the Paris Agreement principles of increased inclusion of emissions and the approaches taken within most other developed countries' NDCs.

47. In 2015, the Government went through a comprehensive process to formulate the NDC. This included stakeholder and Māori consultation, economic modelling of the impact of the NDC on our economy and households, and the cost of our effort. There was also consideration of factors such as national circumstances, historical responsibility for climate change, carbon dioxide emissions per capita versus all-greenhouse gas emissions per capita, and national GDP.

48. In 2018, the Government released the *Our Climate Your Say: Consultation on the Zero Carbon Bill* which received more than 15,000 submissions on New Zealand's 2050 target and the Zero Carbon Bill. In 2019, the Environment Select Committee had nearly 11,000 written and oral submissions on the Zero Carbon Bill. The Committee heard from parents, students, scientists, farmers, academics, health professionals, activists, iwi, local government and businesses.

49. I believe that I have consulted extensively on the framework for delivering New Zealand's climate action out to 2050, which culminated in the Zero Carbon Act's near unanimous adoption late last year. I view the NDC as a component of this wider climate policy framework, and a waypoint on our transition to a low emissions, climate resilient Aotearoa. My proposal is therefore to enhance the NDC with information reflecting the

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matters covered by the Zero Carbon Bill consultation without undertaking further comprehensive consultation.

50. However, I recognise that there are stakeholders with a strong interest in New Zealand's climate ambition, including the NDC, and this is also an issue highly relevant to Māori. I have directed officials to undertake targeted discussions and meetings after Cabinet's decision on the NDC update, to explain our approach to enhancing our NDC and share the narrative outlined above with key stakeholders and iwi/Māori. Independently, the Climate Change Commission will be engaging with public, iwi/hapū/Māori, industry, technical experts, special interest groups, sector lead groups and other interested parties on the NDC later in 2020.

51. s 9(2)(h) [redacted]

Financial implications

52. There are no financial implications from the proposals in this paper.

Legislative implications

53. There are no legislative implications from this paper.

Regulatory impact analysis

54. The RIA requirements do not apply as there are no regulatory implications from this paper.

Climate implications of policy assessment

55. The Ministry for the Environment confirms that the CIPA requirements do not apply to this proposal.

Gender implications

56. There are no gender implications arising from this paper.

Disability perspective

57. There are no disability implications arising from this paper.

Treaty of Waitangi

58. I understand the issue of climate change and its effects is highly relevant to Māori. In our domestic setting this is being addressed, *inter alia*, through the Zero Carbon Act and the development of New Zealand's first climate change risk assessment. Climate change and its effects will have an impact on all New Zealanders, however, in relation to Article II interests, Māori will likely be impacted in the exercise of their customs and culture in relation to the local environment.

59. MfE is working with Māori to co-design a process that seeks to ensure climate-related policy, and mitigation and adaptation strategies, and adequately support climate resilience and the particular needs of Māori in local communities throughout Aotearoa

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New Zealand. An Interim Establishment Committee is now being formed to engage widely and inclusively with iwi/Māori on the proposed process, and to oversee its establishment phase.

Publicity

60. As earlier noted, there is a high likelihood that New Zealand's NDC update will be criticised by commentators in New Zealand and overseas, as it does not raise the headline level of our emissions reduction target for 2030. Equally, this is a risk shared by some other developed countries which plan a similar approach.

61. I have directed officials to design a communications and engagement plan to guide engagement with iwi/Māori and targeted stakeholders to enhance public understanding of the 2021-2030 NDC. Furthermore, the narrative accompanying the NDC update as detailed in appendix 2, and the information to facilitate clarity, transparency, and understanding of NZ's NDC as detailed in appendix 3, will help minimise the risks of misinterpretation.

62. The communications and engagement plan will describe the nature and scale of our NDC, outline why the NDC is challenging, emphasise that New Zealand is one of the first to update its NDC, and highlight New Zealand's ambitious domestic action.

63. To further communicate our strong commitment to addressing climate change, the Climate Change Commission will provide independent advice to the Government on whether the NDC is compatible with the global 1.5°C temperature goal. If advice concludes that it is not compatible, the Commission will provide the Government with recommendations to align the NDC with the global temperature goal. There may be another update of the NDC after that stage, in 2021.

64. There will be a chance for the public to have their say on the NDC in late 2020, as part of the Commission's work.

Proactive Release

65. I propose to proactively release this paper on the Ministry for the Environment's website in whole, subject to redactions as appropriate equivalent to those under the Official Information Act 1982, once public announcements have been made.

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Recommendations

The Minister for Climate Change recommends that the Committee:

1. **Note** the need for enhanced global action on climate change to limit warming to no more than 1.5°C above pre-industrial levels;
2. **Note** that New Zealand's NDC is to reduce emissions to 30 per cent below 2005 levels by 2030, managed using an emissions budget approach across the period 2021-2030;
3. **Note** that New Zealand is has committed to provide an updated NDC to the UNFCCC Secretariat by March 2020;
4. **Note** that the updated NDC in Appendix 1 enhances New Zealand's NDC with a narrative highlighting our 2050 target and other domestic action, as well as further technical information to enhance clarity, transparency and understanding of our NDC, and that it does not change the headline number of New Zealand's NDC nor will it confer additional obligations on New Zealand;
5. **Agree** to submit an update to New Zealand's 2021-2030 NDC as contained in Appendix 1 to the Secretariat of the United Nations Framework Convention on Climate Change;
6. **Note** that in 2017 New Zealand's application of the Paris Agreement was extended to include Tokelau and that Tokelau has indicated they would like to include their climate contribution as part of New Zealand's NDC update, but that their contribution requires more time to collate;
7. **Authorise** the Ministers of Climate Change and Foreign Affairs to approve the Tokelauan content once available for inclusion in New Zealand's update;
8. **Note** that the Minister for Climate Change has requested the Climate Change Commission to provide advice and recommendations to the Government on whether the NDC should change to bring it in line with the global 1.5°C temperature goal and, if so, how;
9. **Request** the Minister for Climate Change to return to Cabinet in early 2021 following receipt of the Climate Change Commission's advice on the NDC;
10. **Note** that officials will discuss the NDC with key stakeholders and iwi/Māori, following Cabinet's decision on the NDC update.

Authorised for lodgement.

Hon James Shaw
Minister for Climate Change

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Appendix 1: New Zealand's enhanced 2021-2030 NDC

NEW ZEALAND

Submission under the Paris Agreement
New Zealand's first Nationally Determined Contribution
DD MM 2020

New Zealand hereby communicates its Nationally Determined Contribution (NDC) under the Paris Agreement for the period 2021 to 2030.

New Zealand commits to reduce greenhouse gas emissions to 30 per cent below 2005 levels by 2030, managed using a multi-year emissions budget.

New Zealand's NDC is enhanced with contextual information about New Zealand's long-term domestic climate change action aiming to limit global temperature increases to no more than 1.5°C above pre-industrial levels (rather than 2°C).

Further enhancement is provided with information to facilitate clarity, transparency and understanding of New Zealand's NDC (decision 4/CMA.1 refers).

New Zealand intends to communicate its adaptation efforts under the Paris Agreement in alternative documents to the NDC (decision 9/CMA.1 refers).

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Time period	2021 to 2030
Type of commitment	Absolute reduction target managed using a carbon budget.
Target reference year	2005
Reduction level	Emissions will be reduced to 30 per cent below 2005 levels by 2030.
Scope and coverage	This responsibility target is economy-wide covering all sectors: • Energy • Industrial processes and product use • Agriculture • Forestry and other land use • Waste and all greenhouse gases: • CO_2 • HFCs • N_2O • CH_4 • PFCs • NF_3 • SF_6
Methodological approaches for estimating anthropogenic greenhouse gas emissions and removals	This NDC applies 100 year Global Warming Potentials (GWPs) from the IPCC 4th assessment report, and methodologies from the IPCC 2006 greenhouse gas inventory guidelines and the 2013 IPCC KP Supplement.

Use of market mechanisms and cooperative approaches

In meeting its target New Zealand intends to use international market mechanisms, cooperative approaches and carbon markets that enable trading and use of a wide variety of units/emission reductions/mitigation outcomes that meet reasonable standards and guidelines to:

- ensure the environmental integrity of emissions reductions generated or purchased
- guard against double-claiming/double-counting, and
- ensure transparency in accounting and governance.

Approach to accounting for forestry and other land use

New Zealand's preferred approach for accounting for forestry and other land use sector is described below (as per its INDC). This approach sets out core assumptions and is provided in advance of discussions on an international rule-set that would apply after 2030, and that could also apply to New Zealand's first NDC. We reserve the right to adjust our selection of methodologies, without reducing ambition. New Zealand's approach to forestry and other land use accounting will be fully described in its first communication under the Paris Agreement.[10]

Methodologies	New Zealand's assumed accounting for the forestry and other land use sector will be based on a combination of the 2006 IPCC Guidance and the 2013 IPCC Kyoto Protocol Supplement, providing for Kyoto Protocol accounting approaches to be applied to the greenhouse gas inventory land-based categories. New Zealand's existing activity start year of 1990 will continue to apply, ensuring continuity of action with previous commitments.

[10] The first communication being the submission of the first biennial transparency report (BTR1) and national inventory report, as required under the Paris Agreement, at latest by 31 December 2024.

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	New Zealand's forestry and other land use approach assumes accounting will be either land or activity based, and will apply existing IPCC methodologies to distinguish areas subject to direct human-induced change from those under pre-existing management, as follows: a. Forests established from the activity start year will continue to be accounted for as they would under the Kyoto Protocol, but once they attain their long-term average carbon stock, taking into account all carbon pools and activities, the forest will transfer to the Forest management/Forest remaining forest category, where it will be accounted for under a business-as-usual reference level. New Zealand will continue to account for all deforestation emissions. b. Forests established before the activity start year will continue to be accounted for under a business-as-usual reference level, as per the Kyoto Protocol, to address the dynamic effects of age structure resulting from activities and practices before the reference year, and the ongoing cycles of forest harvest and regrowth that occur as part of normal, sustainable forest management. c. Accounting provisions to address natural disturbance, land-use flexibility, legacy effects, non-anthropogenic effects and additionality since the activity start year will also continue to apply, building on existing guidance. Harvested wood products accounting will be based on the production approach. New Zealand's forestry and other land use approach builds on experience with accounting under the Kyoto Protocol to recognise and focus on additional action, and will create incentives for the establishment of new forests, recognise permanent, long-term enhancements of carbon sinks resulting from new management, and take responsibility for deforestation, while accommodating the long-term cycles in net emissions and removals that arise from sustainable forest management.

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Appendix 2: Contextual information accompanying New Zealand's NDC

New Zealand is committed to taking decisive action on climate change, with our first NDC constituting our international contribution to reduce emissions in the near-term. Our NDC target is a multi-year emissions budget to reduce emissions to 30 per cent below 2005 levels by 2030. We will account for all emissions in the years between 2021 and 2030, not only in the target year (2030). It is the total amount emitted altogether that matters most for addressing climate change. With gross emissions under current settings estimated to be 783 million tonnes of carbon dioxide-equivalent over the NDC period, we are likely to have an emissions budget of 601 million tonnes. This would make us responsible for reducing emissions by 182 million tonnes, which equates to around a quarter of our projected total emissions between now and 2030.

Our 2021-2030 NDC is the third emissions reduction target New Zealand has taken internationally. We previously set and met our target for 2008-2012 under the Kyoto Protocol, and are on track to meet our target for 2013-2020 under the United Nations Framework Convention on Climate Change.[11] Each of New Zealand's international targets have exceeded the last, and our first NDC target again represents progression beyond our 2013-2020 target.

New Zealand plans to achieve our 2021-2030 NDC target, by prioritising domestic emissions reductions across all sectors and greenhouse gases and increasing carbon dioxide removals through forestry. We may supplement our efforts by using international carbon markets with environmental integrity. Cooperating with other countries will enable us to contribute to greater global emissions reductions.

New Zealand's national circumstances include trends of continuing growth of our population and economy, S9(2)(g)(i) [redacted]. The largest contributors to these emissions are our agriculture (48 per cent) and energy (41 per cent) sectors. Given our existing high proportion of renewable electricity generation (80 to 85 per cent), this means New Zealand has a challenging task ahead. We are mindful, however, that a successful transition to a low emissions, climate-resilient future will require us to overcome these challenges and to capitalise on the opportunities instead.

New Zealand is focused on the Paris Agreement goal of pursuing efforts to limit global temperature increase to 1.5°C above pre-industrial levels. The benefits of staying within 1.5°C, and making far-reaching and rapid transformations, are clearly outlined in the Intergovernmental Panel on Climate Change *Special Report on Global Warming of 1.5°Celsius* and reiterated in the Talanoa *Call to Action*. New Zealand has taken on board these findings in the development of its domestic policy planning; we are placing the objective of 1.5°C at the heart of our response.

Our Climate Change Response (Zero Carbon) Amendment Act 2019 legislates a 2050 emissions reduction target consistent with the 1.5°C threshold, and our 2030 NDC is a waypoint on a journey toward this long-term goal. In keeping with the science, New Zealand is emphasising reductions in the long-lived gases that largely determine long-term warming of the climate. Our 2050 target is therefore set to reduce: emissions of biogenic methane to 24-47 per cent below 2017 levels by 2050, and net emissions of all other greenhouse gases to zero by 2050. It also includes an interim step to reduce biogenic methane emissions to at least 10 per cent below 2017 levels by 2030. As a result of the

[11] New Zealand's 2008-2012 target was to reduce emissions to 1990 levels on average over the Kyoto Protocol First Commitment Period; New Zealand's 2013-2020 target is to reduce emissions by 5 per cent below 1990 levels by 2020.

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comparatively low level of reduction in biogenic methane emissions, emissions of all other gases will have to reduce significantly more, in order to meet the NDC target.

Our 2050 target sits within a broader framework that will enable New Zealand to develop and implement clear and stable climate change policies over time. In addition to the 2050 target, the Zero Carbon Act framework: establishes a system of successive emissions budgets and plans to act as stepping stones toward our 2050 target; establishes a Climate Change Commission to provide independent advice to the Government and monitor our progress toward long-term climate goals; and institutes adaptation measures. The framework aligns New Zealand's transition to the objectives of the Paris Agreement, including balancing emissions and removals in the second half of the century, and supports our commitments to the Carbon Neutrality Coalition. The framework also provides opportunities to reflect on our ambition, with our Climate Change Commission able to advise on any necessary enhancements.

In addition to this overarching framework, New Zealand has put in place a suite of domestic policies to achieve our climate change targets that cover all sources of our emissions. These policies are designed to reduce emissions in an enduring and comprehensive way, although may need adjusting over time as new technologies become available, our national circumstances evolve, other policies are developed, and we receive expert advice from our Climate Change Commission. Some of our key policies at this time include, among many others:

- strengthening our primary tool to reduce emissions, the New Zealand Emissions Trading Scheme, to align its purpose with our Zero Carbon Act framework and the Paris Agreement, and limiting global warming to 1.5°C.
- pricing our agricultural emissions from 2025 onwards.
- requiring government agencies to disclose the greenhouse gas emissions impacts of new policies through Climate Implications of Policy Assessments.
- increasing afforestation, as a Nature Based Solution, by improving the NZ ETS afforestation incentive, and encouraging planting the right trees in the right place for the right purpose through the One Billion Trees (by 2028) programme.
- accelerating investment in low emissions solutions through Green Investment Finance Limited and developing a mandatory regime for the disclosure of climate-related financial risks and opportunities.

Beyond our 2021-2030 NDC target, we will continue working with other countries to galvanise and facilitate greater ambition through collaborative initiatives. This includes advocating for ambitious and effective disciplines on inefficient fossil fuel subsidies, employing trade policies, practices and rules to achieve the goals of the Paris Agreement (such as the Agreement on Climate Change, Trade and Sustainability), and committing resources to undertake research and develop technologies for growing more food without growing greenhouse gas emissions (such as the Global Research Alliance on Agricultural Greenhouse Gases).

New Zealand extended its ratification of the UNFCCC and the Paris Agreement to include Tokelau as of 13 November 2017, and **we welcome Tokelau's contribution to addressing climate change.** Tokelau is particularly vulnerable to climate change, and as a small set of atolls, committed to tackling climate change. Tokelau was included in New Zealand's greenhouse gas reporting in 2017, setting a positive example of transparency of its emissions and commitments. Tokelau's contribution represents further action still.

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Appendix 3: Information to facilitate clarity, transparency and understanding of New Zealand's NDC

Quantifiable Information on the reference point and a base year	
Sub-element:	Information:
Reference year(s), base year(s), reference period(s) or other starting point(s):	Base year: 2005
Quantifiable information on the reference indicators, their values in the reference year(s), base year(s), reference period(s) or other starting point(s), and, as applicable, in the target year:	Total emissions in base year (2005): provisional estimate 83.270 (Mt CO2-e)[12]
Information on sources of data used in quantifying the reference point(s):	Base year emissions will be taken from the most recently reviewed national inventory report at the time that New Zealand submits its first biennial transparency report under the Paris Agreement. GWP 100 from the IPCC 4th Assessment Report
Information on the circumstances under which the Party may update the values of the reference indicators:	The most up to date estimate of base year emissions will be used when New Zealand submits its first biennial transparency report under the Paris Agreement. Until then the base year emissions estimate remains provisional
Timeframes and/or periods for implementation	
Sub-element:	Information:
Time frame and/or period for implementation, including start and end date:	Period covered by NDC: 2021 to 2030.
Whether it is a single-year or multi-year target:	Multi-year target, managed using an emissions budget approach to account for emissions in all the years for the period 2021 to 2030. Projected total emissions for the period 2021-2030: 783 Mt CO_2-e Expected emissions budget for the period 2021-2030: 601 Mt CO_2-e Estimated abatement or sequestration needed (i.e. the difference between total emissions and the emissions budget for the period 2021 to 2030): 182 Mt CO_2-e *Note: figures are based on New Zealand's Greenhouse Gas Inventory, published in April 2019, these are provisional until confirmed during the NDC period, and the emissions projections contained in New Zealand's Fourth Biennial Report, published in December 2019.
Scope and coverage	

[12] IPCC 4th Assessment Report

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Sub-element:	Information:
General description of the target	The 2021-2030 NDC target is a responsibility target.
Sectors, gases, categories and pools covered by the nationally determined contribution, including, as applicable, consistent with Intergovernmental Panel on Climate Change (IPCC) guidelines:	The 2021-2030 NDC target is economy-wide covering all sectors: energy, industrial processes and product use, agriculture, land use, land-use change and forestry, waste, and all greenhouse gases: CO_2, CH_4, SF_6, HFCs, PFCs, N_20, NF_3.
Element: Planning processes	
Sub-element	Information:
Information on the planning processes that the Party undertook to prepare its nationally determined contribution:	In preparing its 2021-2030 Intended Nationally Determined Contribution (INDC), the New Zealand Government undertook a comprehensive process that included: carrying out analysis about how options for New Zealand's contribution would compare to global efforts to reduce emissions, taking into account factors such as the cost of effort, national circumstances, historical responsibility for climate change, and national GDP; modelling the impact of different NDC target options on New Zealand's economy and households. This work is published on the Ministry for the Environment's website (*A general equilibrium analysis of options for New Zealand's post-2020 climate change contribution*, and *Modelling the economic impact of New Zealand's post-2020 climate change contribution*); and, conducting public consultation through publication of a discussion document available on the Ministry for the Environment's website (*New Zealand's Climate Change target*), public meetings, hui (meetings), and inviting the public to make submissions on target options and the NDC. New Zealand ratified the Paris Agreement in October 2016, and submitted a 2021-2030 NDC. The submitted NDC underwent a substantial public consultation process, with 15 public meetings and hui held. Additionally, 17,023 written submissions were received from 15,639 submitters. This NDC built on, and reflected a streamlined version of, our initial INDC. This submission process made the NDC accessible to the public. However, the NDC was misinterpreted on occasion. This update of the 2021-2030 NDC therefore enhances the information provided in an effort to improve understanding. The 2021-2030 NDC is one part of New Zealand's wider policy response to climate change. New Zealand's Climate Change Response (Zero Carbon) Amendment Act (passed into law in late 2019) provides a framework to transition New Zealand to a low-emissions, climate-resilient economy. The Government received over 15,000 submissions on the proposals for this Act, and 10,000 submissions as the legislation was being shaped. The Zero Carbon Act set up the Climate Change Commission, an expert-group that provides independent advice to the

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	Government. The Zero Carbon Act provides for the Climate Change Commission to review New Zealand's 2050 emissions reduction target, and when directed, the ability to consider the ambition of our NDCs. The Climate Change Commission was established on the 1st December 2019.
Party's implementation plans, including, as appropriate, domestic institutional arrangements:	New Zealand has implemented, or is planning, a number of policies and institutional arrangements (including legislation and regulations thereunder) to meet its domestic and international climate goals, including its NDC: The Zero Carbon Act provides an enduring framework by which New Zealand can develop and implement clear and stable climate change policies. It achieves this purpose by enshrining in legislation four elements: 1. An emissions reduction target for 2050[13], consistent with the 1.5°C goal. 2. A system of emissions budgets and emission reduction plans to act as stepping stones to the 2050 target and provide a framework for planning. 3. A Climate Change Commission to provide independent advice and monitor progress. 4. Adaptation measures to assess and address the risks from a changing climate. The Climate Change Response (Emissions Trading Reform) Amendment Bill has been introduced to reform the New Zealand Emissions Trading Scheme as our primary policy tool to reduce emissions and ensure our commitments under the Paris Agreement are met. A new framework, the Climate Implications of Policy Assessment, was established in 2019 to enable central government agencies to undertake and report a greenhouse gas emissions analysis for all new policy proposals that meet certain qualifying criteria. This allows New Zealand to measure, monitor and report on government interventions that will impact New Zealand's greenhouse gas emissions. The Government is committed to ensuring a just transition towards a low-emissions and climate resilient economy. Further, New Zealand has a package of domestic policies, including sustainable finance New Zealand provides leadership in research, innovation and technical solutions to reduce emissions from agriculture. An example of this is the New Zealand Agricultural Greenhouse Gas Research Centre. The

[13] The emissions reduction target for 2050 is net zero global greenhouse gas (GHG) emissions by 2050, excluding biogenic methane, and a 24-47 per cent reduction of biogenic methane by 2050 compared to 2017 levels.

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	purpose of the Centre is to deliver knowledge, technologies and practices to enable New Zealand to enhance agricultural productivity in an emissions constrained world. In 2016, New Zealand adopted the Kigali Amendment to the Montreal Protocol on Substances that Deplete the Ozone Layer. New Zealand has completed the domestic processes required to meet the Amendment's obligations, which entered into force on 1 January 2020. As technologies become available and national circumstances evolve, New Zealand may realign the aforementioned policies and/or introduce new policies to reduce emissions. Further information about these policies and institutional arrangements is available online, noting the New Zealand Ministry for the Environment, Ministry of Foreign Affairs and Trade, and Ministry for Primary Industries' websites in particular. Details are also included, or anticipated for inclusion, in New Zealand's National Communications and Biennial Reports under the UNFCCC, and future Biennial Transparency Reports under the Paris Agreement.
Party's implementation plans, including public participation and engagement with local communities and indigenous peoples, in a gender-responsive manner:	New Zealand is founded on a partnership between the Crown and indigenous New Zealanders, Māori, through the Treaty of Waitangi. Te Puni Kōkiri is the Ministry for Māori Development. It advises on policy affecting Māori wellbeing and development. Further, Te Arawhiti is the Ministry of Māori-Crown relations and provides guidance and support relationships with Māori. The passing of the Zero Carbon Act, and the statutory provisions set up around the emissions reduction plans, resulted in requirements to develop strategies to recognise and mitigate impacts on Māori. This programme can only be achieved through engagement with Māori. • The Ministry for the Environment is working with Māori to establish an engagement process (Ihirangi) to ensure that Māori perspectives are included in policy development, as well as recognising the impacts that specifically affect Māori (i.e. co-design approach). The establishment of this process (involving a core Māori group and regional linkages) aligns with the intent of the Government's Engagement Framework and Partnership Guidelines. o A number of ways exist to engage with Māori on their perspectives of the risks and opportunities presented by climate change and specific policies in response. More recently, the Government has developed the Māori-Crown Engagement Framework and Partnership Guidelines to ensure Māori have full involvement in all phases of policy design,

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	implementation, and evaluation to support agencies to develop true partnerships with Māori. • Māori-focused research aligned with integrated farm systems, which seeks to assist the Māori pastoral sector to increase resource efficiency and farm productivity while lowering greenhouse gas emissions. The New Zealand Government will undertake targeted engagement with stakeholders, including iwi/Māori, on the updated NDC
Contextual matters, including, inter alia, as appropriate, national circumstances, such as geography, climate, economy, sustainable development and poverty eradication:	New Zealand became a Party to the Paris Agreement because we are committed to contributing to collective global action on climate change. We need all countries to contribute, and need to be able to hold all countries to account. We actively support the Paris Agreement not only to help protect New Zealand's economic, social, cultural and environmental interests, but also to encourage others to take action on climate change. New Zealand is a long, narrow and mountainous country with two main islands, and a number of smaller outlying islands. New Zealand is expected to see a 50 per cent growth in population between 1990 and 2030. This growth is significant, with relatively low population density. We have an open, trade-reliant economy founded in the agricultural and land sectors. New Zealand is, however, geographically distant from international markets and trading partners, being located in the South Pacific. New Zealand has an export-dependent economy, with a significant reliance on the agriculture sector. Some 85 per cent of New Zealand's total food production goes to the international market. New Zealand's geography and population distribution have contributed to a dependence on fossil fuel-powered transport. Because of this, and New Zealand's primary sector exports base, emissions are dominated by the agriculture and energy sectors, which together comprise approximately 88 per cent of gross emissions. New Zealand has seen strong economic growth since 1990. New Zealand has high levels of renewable energy use and a long history of renewable energy development. Approximately 80 per cent New Zealand's electricity generation uses renewable resources – primarily hydro-generation. Continued development of geothermal and wind generation has seen the amount of electricity generated from these sources more than triple over the last two decades. Considering the high levels of existing renewable electricity generation, there is less gross emissions reduction potential from the energy sector than in other jurisdictions. This presents a challenge to abatement options. Despite this, New Zealand is looking to

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	make further gains in this area. The Government has an aspirational goal of 100 per cent renewable electricity by 2035, with five-yearly assessments to ensure that security of supply and affordability of electricity are well-maintained. [The Government is also currently consulting on policy options to encourage energy efficiency and the uptake of renewable fuels in industry, and on accelerating renewable electricity generation and infrastructure.] New Zealand is in the process of decoupling emissions from economic growth, although emissions continue to grow off the back of strong economic and population growth. The policies and measures we are putting in place now will make an impact towards reducing our emissions over the period 2021 to 2030 (as projected in New Zealand's Fourth Biennial Report).
Contextual matters, including, inter alia, as appropriate, other contextual aspirations and priorities acknowledged when joining the Paris Agreement:	New Zealand became a Party to the Paris Agreement because doing so would contribute to collective global action on climate change, help protect New Zealand's economic, social, cultural and environmental interests, encourage others to take action on climate change, and maintain our positive international reputation and our ability to influence international climate change processes. New Zealand is committed to an effective international system that addresses climate change, has environmental and scientific integrity, is multilateral and rules-based (i.e. we need all countries to contribute, and need to be able to hold all countries to account). By participating we want to ensure that the Agreement will be practical and based on continuous improvement, also that it recognises and protects the rights and interests of indigenous peoples. Through these we encourage and support action in areas where we are well positioned to accelerate the collective effort.
Element: Assumptions and methodological approaches, including those for estimating and accounting for anthropogenic greenhouse gas emissions and, as appropriate, removals	
Sub-element:	Information:
Assumptions and methodological approaches used for accounting for anthropogenic greenhouse gas emissions and removals corresponding to the Party's NDC, consistent with decision 1/CP.21, paragraph 31, and accounting guidance adopted by the CMA:	The NDC applies 100 year Global Warming Potentials (GWPs) from the IPCC 4th Assessment Report, and methodologies from the IPCC 2006 Greenhouse Gas Inventory Guidelines and the 2013 IPCC Kyoto Protocol Supplement. New Zealand's accounting for Land use, land-use change and forestry (LULUCF) will be based on a combination of the 2006 IPCC Guidelines and the 2013 IPCC Kyoto Protocol Supplement, and is detailed below. It will be done in accordance with methodologies and common metrics assessed by the IPCC and in accordance with decision 18/CMA.1. Any information on own methodology used, will be consistent with Article 4, paragraph 6, of the Paris Agreement.

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	Forests established after the base year (1990) will be accounted for up until they reach their long-term average carbon stock. After this point is reached, the forest will be accounted for under a business-as-usual reference level (e.g. similar to Forest management under the Kyoto Protocol). The approach will take into account all carbon pools (e.g. alive and dead biomass, harvested wood products (HWP) and soil). New Zealand will continue to account for all deforestation emissions, as per the Kyoto Protocol. Forests established before the base year will continue to be accounted for under a business-as-usual reference level, as per the Kyoto Protocol. This approach is used to address the dynamic effects of age structure resulting from historical activities and practices, and the ongoing cycles of forest harvest and regrowth that occur as part of normal, sustainable forest management. Accounting provisions to address natural disturbance, land-use flexibility, legacy effects, non-anthropogenic effects and additionality since the base year will also continue to apply, building on existing guidance. HWP accounting will be based on the production approach. New Zealand's approach recognises that accounting methodologies need to focus on anthropogenic effects and create incentives for mitigation that promote sustainable land management. New Zealand shows consistency with greenhouse gas inventories, pursuant to Article 13, paragraph 7(a), of the Paris Agreement.
Assumptions and methodological approaches used for accounting for the implementation of policies and measures or strategies in the NDC;	Assumptions and methodological approaches include: population and GDP assumed to increase over time and effective carbon price assumption. Currently implemented and adopted policies and measures: the difference between with measures (WEM) and without measures (WOM) scenarios. Additional policies and measures effect: the difference between WEM and with additional measures (WAM) scenarios emissions and removals.
If applicable, information on how the Party will take into account existing methods and guidance under the Convention to account for anthropogenic emissions and removals, in accordance with Article 4, paragraph 14, of the Paris Agreement, as appropriate (i.e.	New Zealand's national system is designed specifically for the avoidance of double counting. We have developed a national monitoring system for land use, land-use change and forestry that utilises wall-to-wall mapping and periodic forest monitoring. The wall-to-wall mapping approach ensures emissions and removals from land-use and forests are identified and counted only once. There is regular information sharing between the national system and the NZ ETS to ensure all forests are identified and correctly

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how we promote environmental integrity, TACCC, and ensure avoidance of double counting):	classified. New Zealand has a national Emissions Trading Register which manages the accounting, reporting and reconciliation of emissions and unit holdings and transactions as part of the NZ ETS. Further, New Zealand has a voluntary emissions offsetting work programme that provides guidance on how to avoid double counting when organisations use NZ ETS units for voluntary emissions offsetting. Environmental integrity is ensured in the greenhouse gas inventory, forestry and in the NZ ETS. Internal quality assurance processes ensure environmental integrity in the inventory. The quality assurance and quality control plans are reviewed annually. The quality assurance and quality control processes have a significant role in the preparation of the inventory to ensure the core principles of transparency, accuracy, completeness, comparability and consistency (TACCC) are achieved. More information can be found in New Zealand's Seventh National Communication. New Zealand's commitment to integrity is also evident in international negotiations, where New Zealand is a leader in discussions regarding the avoidance of double counting in international markets.
IPCC methodologies and metrics used for estimating anthropogenic greenhouse gas emissions and removals:	See assumptions and methodological approaches used for accounting for anthropogenic greenhouse gas emissions and removals, above.
Sector-, category- or activity-specific assumptions, methodologies and approaches consistent with IPCC guidance, as appropriate, including, as applicable: (i) Approach to addressing emissions and subsequent removals from natural disturbances on managed lands; (ii) Approach used to account for emissions and removals from harvested wood products; (iii) Approach used to address the effects of age-class structure in forests:	New Zealand's assumed accounting for LULUCF sector will be based on a combination of the 2006 IPCC Guidelines and the 2013 IPCC Kyoto Protocol Supplement, providing for Kyoto Protocol accounting approaches to be applied to the greenhouse gas inventory land-based categories. New Zealand's existing activity start year of 1990 will continue to apply, ensuring continuity of action with previous commitments. New Zealand's LULUCF approach assumes accounting will be either land or activity based, and will apply existing IPCC methodologies to distinguish areas subject to direct human-induced change from those under pre-existing management, as follows: a. Forests established from the activity start year will continue to be accounted for as they would under the Kyoto Protocol, but once they attain their long-term average carbon stock, taking into account all carbon pools and activities, the forest will transfer to the 'forest management/forest remaining' forest category, where it will be accounted for under a business-as-usual reference level. New Zealand will continue to account for all deforestation emissions. b. Forests established before the activity start year will continue to be accounted for under a business-as-usual reference level, as per the Kyoto Protocol, to address the

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	dynamic effects of age structure resulting from activities and practices before the reference year, and the ongoing cycles of forest harvest and regrowth that occur as part of normal, sustainable forest management. c. Accounting provisions to address natural disturbance, land-use flexibility, legacy effects, non-anthropogenic effects and additionality since the activity start year will also continue to apply, building on existing guidance. HWP accounting will be based on the production approach. New Zealand's LULUCF use approach builds on experience with accounting under the Kyoto Protocol to recognise and focus on additional action. This approach will create incentives for the establishment of new forests, recognise permanent, long-term enhancements of carbon sinks resulting from new management, and take responsibility for deforestation, while accommodating the long-term cycles in net emissions and removals that arise from sustainable forest management.
The intention to use voluntary cooperation under Article 6 of the Paris Agreement, if applicable:	In meeting its 2021-2030 NDC, New Zealand intends to use international market mechanisms, cooperative approaches and carbon markets that have environmental integrity, including through guarding against double-claiming and/or double-counting, by ensuring transparency in accounting and governance, and by ensuring environmental integrity of emissions reductions generated or purchased.
Element: How the Party considers that its NDC is fair and ambitious in the light of its national circumstances	
Sub-element:	Information:
How the Party considers that its NDC contribution is fair and ambitious in the light of its national circumstances:	New Zealand is responsible for low levels of emissions now and historically (0.17 per cent of global gross emissions in 2017). Countries which each individually contribute one per cent or less of global emissions account for nearly a quarter of total emissions. Therefore, New Zealand's efforts matter. The likely cost to the New Zealand economy of meeting this NDC budget in terms of GDP is high relative to many other parties. This is due to a number of factors, such as the existing high level of renewable electricity generation (80-85 per cent), and the make-up of our emissions profile, where almost half of our total emissions originate from agriculture. New Zealand's 2050 target places an emphasis on long-lived gases. The target is to reduce global greenhouse gas (GHG) emissions to net zero by 2050 (excluding biogenic methane for which the target is 24-47 per cent below 2017 levels). The outcome we seek for the 'form' or 'type' of contribution we deliver is an NDC that provides a fair, comparable and transparent representation of New Zealand's effort on climate change.

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	Different forms of contribution will better facilitate the accurate measurement of reductions to track progress towards a country's global goal than others, or more clearly (or fairly) represent a country's "effort" (depending on their national circumstance).
Fairness considerations, including reflecting on equity:	A basket of indicators can give an idea of countries' efforts, and New Zealand looked at factors such as: national circumstances, including evolving circumstances such as population growth rates, the size of the forestry sector, the size of the agriculture sector, and access to natural resources; cost of effort (sharing), including to the economy; resource sharing, such as sharing greenhouse gas emissions, including carbon dioxide versus methane per capita; historical responsibility for climate change; income and capacity, such as the ability to afford to mitigate more emissions than others; abatement required to meet NDC headline target, and the gap between the business-as-usual emissions curve and emissions curve needed to meet the NDC target.
How the Party addressed Article 4, paragraph 3, of the Paris Agreement (i.e. how NDC target represents progression and highest possible ambition):	New Zealand's NDC target represents a progression beyond New Zealand's current 2020 target in terms of headline number, cost and emissions impact, reduction from business-as-usual emissions, improvement in emissions efficiency of the New Zealand economy and a stronger focus on domestic emissions reductions.
How the Party has addressed Article 4, paragraph 6, of the Paris Agreement (i.e. LD and small island developing states may prepare and communicate strategies, plans and actions for low greenhouse gas emissions development reflecting their special circumstances):	N/A – noting Tokelau's preference to append an NDC to New Zealand's.
Element: How the NDC contributes towards achieving the objective of the Convention as set out in its Article 2	
Sub-element:	Information:
Article 2 of the Convention (i.e. stabilisation of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system):	New Zealand welcomed the IPCC's *Special Report on global warming of 1.5°C*, and the urgency of climate action that we have a duty to respond to. New Zealand's target choice should primarily be guided by the best available scientific knowledge. The IPCC is the definitive source of evidence to support climate change policy development. Its reports represent the best expert assessment of global knowledge on climate change. New Zealand has a duty to respond to the IPCC's conclusion that limiting global warming to 1.5°C "would require rapid and far-reaching transitions" in most human activities; as well as the inclusion of emissions pathways consistent with limiting warming to 1.5°C, which have
How the nationally determined contribution contributes towards Article 2, paragraph 1(a), and Article 4, paragraph 1, of the Paris Agreement. (i.e. global temperature goals, including to limit global temperature to 1.5°C):	

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	gained considerable influence as representing what is "necessary" to achieve the aim of the Paris Agreement. The report provided evidence to inform the 2050 target in New Zealand's Climate Change Response (Zero Carbon) Amendment Act, which will be a significant challenge requiring early and more ambitious action across all sectors. The Act has legislated a domestic target out to 2050 that is consistent with 1.5°C. The NDC contributes towards these Articles by acknowledging the contribution of the Talanoa Dialogue. Additionally, there is a planned proposal to request the Climate Change Commission to review our NDC to provide advice about New Zealand's targets (and the NDC target).

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Document 14

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

Briefing on talking points for ENV on the Cabinet paper 'Updating New Zealand's Nationally Determined Contribution under the Paris Agreement'

Date Submitted:	5 March 2020	Tracking #: 2020-B-06521	
Security Level	Restricted	MfE Priority:	Urgent

	Action sought:	**Response by:**
To Hon James Shaw, Minister for Climate Change	Note the proposed talking points ahead of the ENV meeting on 12 March	Monday 9 March 2020

Actions for Minister's Office Staff	**Return** the signed report to MfE.
Number of appendices and attachments	Titles of appendices and attachments (ie separate attached documents): Nil

Ministry for the Environment contacts

Position	Name	Cell phone	1st contact
Principal Author	Chloe Rumsey		
Responsible Manager	Sarah Deblock	0220124772	✓
Director	Roger Lincoln		

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Briefing on talking points for ENV on the Cabinet paper 'Updating New Zealand's Nationally Determined Contribution under the Paris Agreement' (2019-C-06296)

1. The purpose of this briefing is to provide you with key talking points on the Cabinet paper 'Updating New Zealand's Nationally Determined Contribution under the Paris Agreement' (2019-C-06296) for ENV on 12 March. The talking points include key statements related to the NDC, as well as responses to any questions we anticipate that you may receive.

Proposed talking points

2. As a signatory to the Paris Agreement, New Zealand has committed to communicate or update our nationally determined contribution (NDC) in 2020.
   - The NDC is our target for reducing emissions between 2021-2030.
   - I propose that we submit an updated NDC to the United Nations Framework Convention on Climate Change before the end of March to respect our international commitment.
   - I do not propose changing the headline number at this stage, but I propose that we look at the advice that we will receive on this from the Climate Change Commission by February next year
3. I have requested the Commission to conduct a review of the NDC on whether our target is compatible with the global 1.5°C temperature goal, and whether a further update to our NDC will be necessary in light of their findings.
   - Any decision to adjust the NDC needs to be properly considered. The detailed assessment of the NDC will take into account changes in circumstances since the NDC was first submitted in 2016 such as the IPCC's 1.5 report, and the adoption of the Zero Carbon Act.
   - Because the Climate Change Commission was only set up in December last year, there was not enough time to receive their advice prior to submitting the NDC update to the UN before the end of March. However NDCs can be updated at any time. The only requirement is that we cannot reduce the ambition of our targets.
   - As part of their advice the Commission will engage with the public, iwi/hapū/Māori, industry, technical experts, special interest groups, sector lead groups and other interested parties. So the public will have their say.
4. In the interim, I propose that we enhance our existing NDC by highlighting our 2050 target and other domestic action. I also suggest that we update our NDC with further technical information to facilitate clarity, transparency and understanding of our target.
   - We are expected to provide this level of detail for our second NDC in 2025, but are suggesting being as transparent as possible now.
   - This will help solve common misunderstandings with our current target. Our target is often misrepresented as a point year target in 2030. In fact it is a target over a 10-year period, which means that we will be responsible for reducing emissions throughout the entire period.
   - The narrative accompanying the NDC, as well as the technical information will help us better communicate to the public, and the wider international community, the challenging nature of New Zealand's target.

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Responses to questions you may receive

5. Why didn't NZ review its NDC prior to submitting the update to the UNFCCC in March 2020?
   - Due to delays in the passage of the Zero Carbon Bill, which consequently delayed the establishment of the Commission, such a review was not possible.
   - The Commission will provide a final report on the compatibility of the NDC target with the 1.5 temperature goal specified in the Act, by 1 February 2021, as they are best placed to review the target.
6. Is the Government not pushing all difficult decisions to the Commission?
   - No, the role of the Commission is to provide independent advice to the Government.
   - Changing the level of ambition of the NDC needs to be based on a thorough assessment rather than be a rushed decision. I want to make sure that if we change our NDC, we are doing this on the basis of robust advice.
   - The Commission will also be consulting with iwi/Maori and key stakeholders before finalising its advice. It's important for people to be given an opportunity to input into this assessment.
7. How can New Zealand consider increasing ambition in our headline number next year when we are already not on track for meeting the target?
   - Following the Commission's advice in 2021, the Government will be able to assess the NDC and potential policies which can enable us to achieve the target. I am not proposing to increase the level of ambition before receiving the Commission's advice.
   - More action is needed to be able to meet the target. We know that our target is challenging to meet. This is something the Government is working on, through for example, the Emissions Trading Reform which is designed to help the Emissions Trading Scheme to drive emissions reductions.
8. How do you intend to meet the NDC?
   - I'm not proposing to decide now on how to meet the NDC. This is part of the advice that the Climate Change Commission will be providing to the Government with the first three emissions budgets for the 2020s.
   - The NDC will be met using a mix of options, including domestic emission reductions, emission removals from forestry, and access to international carbon markets. The exact balance will be based on the advice received from the Commission.
9. What if New Zealand invested in domestic abatement to meet the NDC, instead of through international carbon markets?
   - Economic modelling done at the time of setting the NDC showed that delivering the NDC solely through domestic action would approximately double the economic cost across the decade 2021-2030 (i.e. an approximate additional cost of ~32bn NZD across the decade.
   - This Government's priority is to invest in domestic abatement first and foremost, to put us on a path to meet our 2050 targets. But I expect we will need a mix of options to meet our targets, to help us manage the speed of change and ensure a just transition.
10. How much will the cost per household be for meeting the NDC?
    - To meet our NDC, this Government will make changes to the ETS so that it aligns with our target.
    - The current proposed ETS settings that align with our NDC have only a moderate impact on households - increasing costs by less than $3/week for the average household.

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Recommendations

11. We recommend that you:

a. **Note** the proposed talking points and back-up Q&As

b. **Meet** with officials on 9 March if further discussion is needed

Yes/No

c. **Agree** that this briefing and appendices will be not be released proactively on the Ministry for the Environment website, as this Cabinet paper is still under consideration by Cabinet.

Yes/No

Signature

Roger Lincoln
Director
Climate Change Directorate

Hon James Shaw
Minister for Climate Change **Date**

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Climate Change Chief Executives paper:

Overview of the international carbon markets project

Meeting date:	11 MARCH 2020
Security level:	RESTRICTED
Action sought:	INFORMATION / DISCUSSION ONLY

Purpose

1. The governance board of the International Carbon Markets (ICM) project recently agreed that its work be overseen by the Climate Change Chief Executives' Board. This note provides you with an overview of New Zealand's work to secure access to international carbon markets.
2. No immediate action is sought – this paper is for information / discussion only.

Current government decisions

3. The Government has made the following decisions relating to international carbon markets:
    - the first Nationally Determined Contribution (NDC) states that offshore mitigation (e.g. emissions reductions achieved overseas) may be used to meet the target;
    - the Zero Carbon Act provides for the use of offshore mitigation;
    - the Emissions Trading Scheme Reform process provides the legislative basis for the limited use of offshore mitigation by NZ ETS participants (note: many ETS reform policy decisions were taken, in part, to remove barriers to potential linking of the NZ ETS to other ETSs);
    - the Government has decided [CAB-MIN-0248 revised] that it will not use international carbon markets prior to 2020 (noting that the NDC begins in 2021), but wants the option of accessing offshore mitigation in the future. Future use of international carbon markets is subject to being assured that
        - the credits/units are genuine and have environmental integrity;
        - we maintain progress in our domestic transition towards net zero emissions;
        - it makes economic sense to do so; and
        - incentives for domestic abatement opportunities can be maintained.
    - the Government also released a framework for international carbon market cooperation S9(2)(j)

    In short, while the Government has signalled its preference for domestic action (and no use of markets prior to 2020, and noting that our NDC begins in 2021) – it is also seeking to maintain future flexibility and putting in place measures to ensure this.

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4. It is important to note that while the Government is exploring and developing options, entering into formal negotiations for market access (and the mandate for these), decisions on the desirable level of offshore mitigation to use, or the decision to 'switch on' any arrangement made for market access are all future Cabinet decisions.

Overview of the international carbon markets project

Overarching objectives

5. Limiting the global temperature increase to 1.5 or 2 degrees Celsius requires rapid and far-reaching transitions of global energy, land, urban and infrastructure, and industrial systems - implying deep global emissions reductions in all sectors. New Zealand's efforts to reduce emissions contribute to the collective global effort - an effort which is not yet on track to deliver the scale of emissions reduction necessary to prevent dangerous climate change.
6. To mitigate climate change, reducing one tonne of carbon dioxide emissions has the same global impact regardless of where this occurs (in terms of sector or geography). However, different choices about where, how and when to reduce emissions will have different costs and economic, distributional, regional effects etc.
7. New Zealand's climate change mitigation efforts sit in this broader context – we are simultaneously trying to:
    - **contribute tonnes of emission reductions to the global effort** – informed by:
        i. our commitment to the Paris Agreement to aim for the highest possible ambition and progression in successive NDCs - i.e. our international climate change targets, and
        ii. the science which shows a large gap between current efforts globally and what is needed to prevent dangerous climate change.
    - **transition New Zealand's economy to low emissions** – informed by our economic plan and objectives for a productive, sustainable, inclusive, low-emissions and climate resilient economy.
    - **manage the impacts on our people, communities, and businesses** – informed by objectives of a just and inclusive transition and the Treaty partnership.
8. This is the beginning of a journey. While we know the size of the task for 2021-2030 (set by our NDC), the next step is more uncertain. However it will require progressively deeper cuts in emissions for both our domestic transition pathway and successive NDCs.

The importance of international carbon markets for delivering on these objectives

9. We have known since developing our NDC in 2014 that access to international carbon markets (i.e. delivering some of the tonnes or reductions to meet our NDC outside of New Zealand) would be an important option for managing the impacts of our targets.
    - Economic CGE modelling done at the time of setting the NDC showed that delivering the NDC solely through domestic action would approximately double the economic cost across the decade 2021-2030 (i.e. an approximate additional cost of ~32bn NZD across the decade – similar to the estimated scale of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)'s impact at 1.2-4bn NZD p/a).

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- In addition, the level of domestic action entailed by the Zero Carbon Act has an estimated economic cost of 5-12bn NZD p/a across the next three decades.

This type of modelling should only be used to show the broad magnitude and scale of impacts, and by its nature will tend to overestimate the cost of action vs inaction. The takeaway message, however, is that choices about how New Zealand meets its targets will have significant economic impacts.

10. Access to emission reductions from overseas (offshore mitigation) within volume limits and limited to units with environmental integrity gives us greater space for delivering on all three objectives (tonnes, transition, and economic impacts). It also helps us avoid unpalatable trade-offs, than if we were solely constrained to New Zealand's domestic circumstances.
11. There are two key questions about using offshore mitigation
    - what is the right amount (not covered in this paper – but related to work on domestic emissions budget, including the Provisional Emissions Budget); and
    - how do we access offshore mitigation – this is the work of the international carbon markets project.

New Zealand's NDC is our third progressively more ambitious emissions reduction target. We do not have some of the low-cost domestic opportunities to reduce emissions or economies of scale that many other countries do.

Our task is challenging, and the nature of our economy and our emissions profile may make the option of delivering some of the reductions we need offshore attractive.

Switzerland and Quebec are examples of jurisdictions with similar challenges that are delivering on emissions reduction targets, while investing in their own economic transition and managing the impacts using mitigation from outside of their borders.

The international carbon markets project

12. The international carbon markets project is governed by MfE and MFAT (Appendix A – shows this governance arrangement and its relationship to climate change CEs) and was established when New Zealand ratified the Paris Agreement (2016). Budget 2018 allocated resources for 3.5 FTE to work on the project, which has two objectives
    - assess and develop options for New Zealand to access offshore mitigation; and
    - build environmental integrity in international carbon markets under the Paris Agreement, so that these markets deliver real emissions reductions.

    NB: like any mitigation policy, the use of markets must deliver real emission reductions – this requires being assured that: the claimed reduction actually occurred, is not something that would have happened anyway, and is not double counted.

Status of market access

13. Unlike the Kyoto Protocol, the Paris Agreement does not establish a unified global carbon market. International carbon markets in the Paris-era are likely to emerge from bilateral and plurilateral linkages.

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- Negotiations on the design and operation of a centralised UNFCCC mechanism that would enable investment in projects to reduce emissions in host countries and the creation of tradable units representing real mitigation have been ongoing since 2016 and no agreement has yet been reached. Even if this mechanism were to be set up tomorrow, it may take years for a pipeline of projects and units to emerge. There is currently no ability for New Zealand to buy international units with environmental integrity 'off-the-shelf' at the scale needed.
- Most countries do not have established domestic market mechanisms (such as an ETS), or programmes to undertake projects to reduce emissions, quantify the outcome, and turn them into tradable units. Some significant countries are at various stages of developing their own market mechanisms (e.g. China).
- S9(2)(j) [redacted]

14. s 9(2)(j) [redacted]

15. Over time, new options for market access may emerge, and New Zealand may want to develop a portfolio of options to ensure the acceptability of using offshore markets and spread risk. S9(2)(j) [redacted]

Priorities

16. **We need to keep the option open of accessing international carbon markets in the future** – Cabinet has chosen not to access international units before 2020, but to keep the option of future linking open. S9(2)(j) [redacted]

17. S9(2)(j) [redacted]

18. S9(2)(j) [redacted]

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S9(2)(j)

19. **The NZ ETS must be credible to enable linkages** – s 9(2)(j) . This is necessary to ensure environmental integrity, political acceptability, and avoid any perverse outcomes from the linking of different schemes. The credibility of the NZ ETS depends on the stringency of the scheme's cap on emissions, and ability to enforce that cap. s 9(2)(j)

20. **The NZ ETS is also our best asset to enable access to markets** – the twelve-plus years of investment into the NZ ETS means we have an existing infrastructure to enable market access and that requires polluters to pay for their emissions (and/or emissions reductions).

21. **International carbon markets have a tarnished reputation** – some Kyoto Protocol-era markets, projects and units lacked environmental integrity (i.e. did not reflect actual emissions reductions). We must ensure that any potential use of carbon markets by New Zealand learns from the Kyoto-era and has environmental integrity – both to ensure the desired environmental impact and to maintain social licence.

22. **Delivering access to international carbon markets will be challenging and will require extensive inter-agency collaboration** – delivery challenges include:

    - **significant lead time:** obtaining access and implementing a link to an existing market is a lengthy process (i.e. in the order of years, rather than months). It requires a deep technical understanding of a counterpart, negotiation of linking arrangements, and then implementation of a link.
    - **novelty:** there are few examples of operational linkages (particularly between ETSs that have been designed differently). We have the capability to engage, but this will be a first for New Zealand.
    - **managing sensitivities and partner buy-in**: deep relationship building and tact is needed to manage a variety of challenges including: our value proposition; our high degree of focus on domestic action; and political sensitivities in partner jurisdictions S9(2)(j)
    - **collaboration**: as work progresses from technical exploration to negotiation and through to implementation, different skills and agency viewpoints will be needed – including, but not limited to: international carbon markets; foreign policy/diplomacy; international law; and fiscal expertise.

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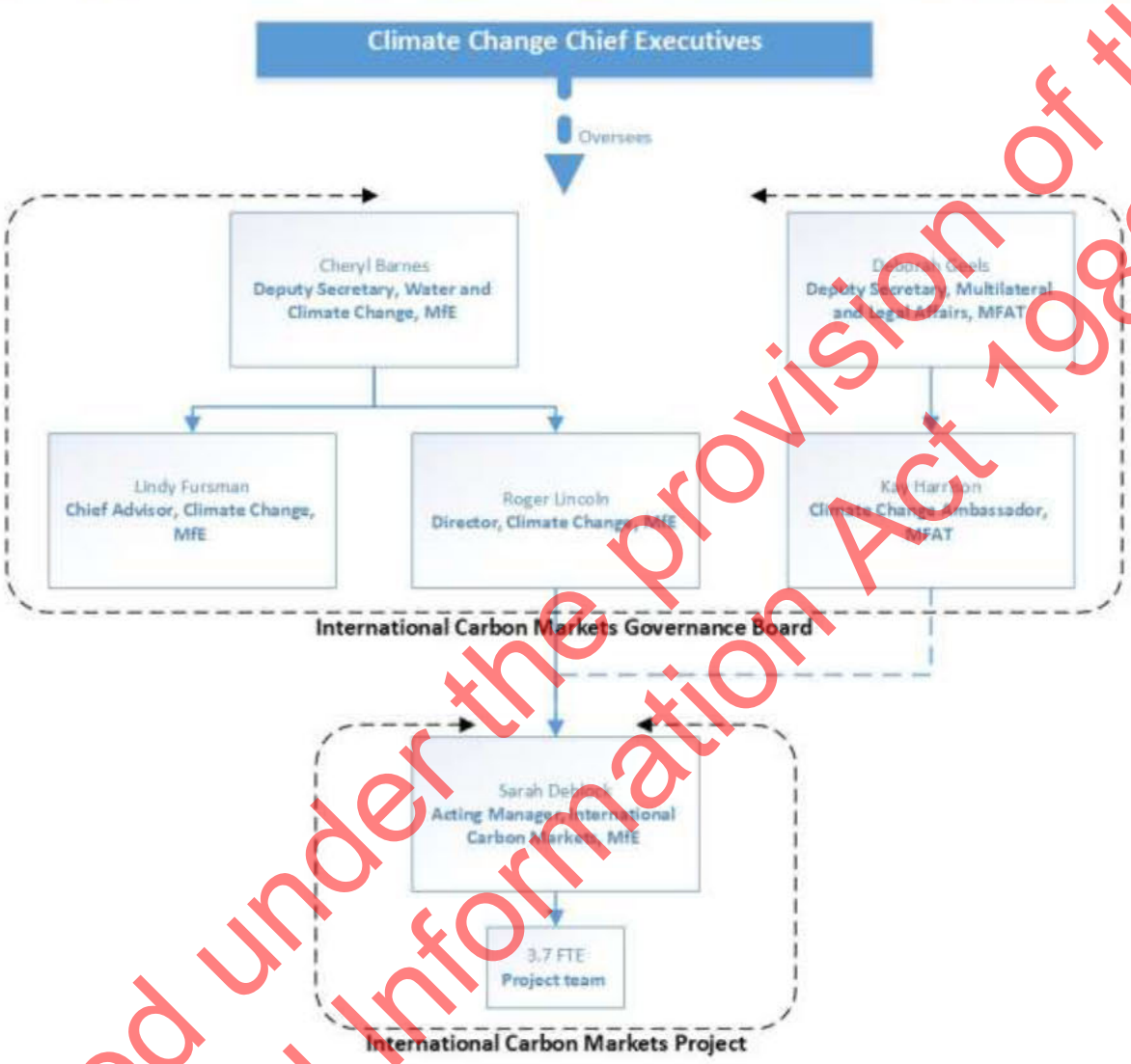
Appendix A

Governance arrangements for International Carbon Markets Project and relationship to climate change CEs



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Updating New Zealand's Nationally Determined Contribution under the Paris Agreement

I would like to defer consideration of this paper to Cabinet on 23 March 2020.

This paper initially called for New Zealand to recommunicate our Nationally Determined Contribution (NDC) by the end of March, as required under the Paris Agreement, in the lead-up to this year's Conference of the Parties (COP) negotiations.

I had proposed that New Zealand to submit an unchanged headline figure of reducing emissions 30% below 2005 levels by 2030, pending a review of the target by the Climate Change Commission.

I have already written to the Commission advising them I will be seeking their advice on whether the current NDC is line with the 1.5 degrees temperature goal, and whether the NDC should be updated in light their finding.

S6(a)

S6(b)

S6(a)

S6(b)

I therefore propose that New Zealand NOT recommunicate our NDC in late March, as previously planned, and instead defer formal recommunication of the NDC until after the Commission has reported back to the Minister for Climate Change (currently due by February 2021).

If you agree with this general approach, I will update my paper in line with our discussions today and take an amended version to Cabinet Monday week (23/03).

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Updating New Zealand's Nationally Determined Contribution under the Paris Agreement

I would like to defer consideration of this paper to Cabinet on 23 March 2020.

This paper initially called for New Zealand to ~~recommunicate~~ update our Nationally Determined Contribution (NDC) by the end of March, as required under the Paris Agreement, in the lead-up to this year's Conference of the Parties (COP) negotiations.

I had proposed that New Zealand re-~~to~~submits an unchanged headline figure of reducing emissions 30% below 2005 levels by 2030, pending a review of the target by the Climate Change Commission. I had also proposed that we share withto an international audience information about ~~about~~ the action we have taken on climate change since our NDC was first submitted in 2016.

I have already written to the Commission advising them I will be seeking their advice on whether the current NDC is in line with the 1.5 degrees temperature goal, and whether the NDC should be updated in light of their finding. I expect to receive his advice by 1 February next year.

S6(a)

S6(b)

S6(a)

S6(b)

I therefore propose that New Zealand NOT recommunicate our NDC in late March, as previously planned and instead defer formal recommunication of the NDC until after we receive the Commission's findings on the compatibility of the NDC with the global temperature goal of limiting warming to 1.5 degrees ~~has reported back to the Minister for Climate Change (currently due by February 2021).~~ Countries can update their NDCs at any time, so the Government can choose to update next year if there is a desire to do so following the Commission's advice. ~~and by early next year we will have a better sense of what other countries are doing.~~

If you agree with this general approach, I will update my paper in line with our discussions today and take an amended version to Cabinet Monday week (23/03). I will recommend that officials discuss with key stakeholders and iwi/Maori representatives the proposed approach after Cabinet's decision, and once we

S9(2)(g)(i)

S9(2)(g)(i)

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publicly communicate to the UN our approach to receive advice from the Climate Change Commission on our NDC

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Document 18

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

Changes to the Cabinet paper updating New Zealand's Nationally Determined Contribution under the Paris Agreement

Date Submitted:	13 March 2020	Tracking #: 2020-B-06570	
Security Level	RESTRICTED	MfE Priority:	Urgent

	Action sought:	Response by:
To Hon James Shaw, Minister for Climate Change	**Note** the change in approach to updating New Zealand's NDC **Agree** to lodge the updated Cabinet paper on 19 March, and present it to Cabinet on 23 March	16 March 2020

Actions for Minister's Office Staff	**Return** the signed report to MfE.
Number of appendices and attachments 2	Titles of appendices and attachments: 1. Cabinet paper on the process to update New Zealand's Nationally Determined Contribution under the Paris Agreement 2. Talking points (Appendix 1) on the updated approach to New Zealand's NDC for Cabinet on 23 March

Ministry for the Environment contacts

Position	Name	Cell phone	1st contact
Principal Author	Adam Bradshaw		
Responsible Manager	Sarah Deblock	022 012 4772	✓
Director	Roger Lincoln		

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Changes to the Cabinet paper updating New Zealand's Nationally Determined Contribution under the Paris Agreement

Key Messages

1. The purpose of this briefing is to provide you with an overview of the redraft of the Cabinet paper to update New Zealand's Nationally Determined Contribution (NDC) under the Paris Agreement, the circumstances behind these changes, and a proposed way forward.

2. You had agreed to recommunicate an update of New Zealand's 2021-2030 NDC to the United Nations Framework Convention on Climate Change (UNFCCC) by March 2020. The circumstances surrounding submission to the UNFCCC have now changed and, prior to your meeting with Ministers from the Environment (ENV) Committee, officials recommended deferring formal recommunication until after you have received advice from the Climate Change Commission in early 2021.

3. The ENV Committee agreed to your proposed change of approach, and agreed to defer the matter to Cabinet on 23 March. Instead of recommunicating New Zealand's updated NDC to the UNFCCC in March, New Zealand will inform the UNFCCC of your request to the Climate Change Commission to review the NDC and its compatibility with the global 1.5°C temperature goal.

Change in circumstances

4. The ultimate objectives of updating our NDC are threefold; to respond to our international obligation to communicate the update our NDC to the UNFCCC by March 2020; ensure our response promotes global action on climate change; and, to explain and clarify our NDC to stakeholders.

5. S6(b) S6(b)

6. S6(b) . Some progressive countries have already submitted an update S6(a) , or indicated they would submit an update S6(a) without changing the headline number. S9(2)(g)(i)

7. Your Ministerial colleagues from ENV agreed to your recommendation:

   - New Zealand will not update its NDC prior to receiving advice from the Climate Change Commission on the compatibility of the NDC with the global 1.5°C temperature goal. You are expected to receive this advice on 1 February 2021 (B-2020-06508 refers). New Zealand will inform the UNFCCC of its request to the Commission to assess the NDC in light of the global 1.5°C temperature goal. Following that advice, the Government may choose to update its NDC at that time.

Recommunication after Climate Change Commission advice

8. Relying on independent advice from the Climate Change Commission before updating our NDC will ensure that our NDC represents the highest possible ambition for New Zealand in light of our commitment to the global temperature goal of 1.5°C.

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9. Under the Paris Agreement, New Zealand is able to amend its NDC at any stage. The only limitation is that we cannot reduce the ambition of our targets.

Interdependencies on timing with other work

10. Communicating to the UNFCCC the request that New Zealand has made to the Commission is interdependent with several other pieces of work, including; public outreach to explain the process for updating the NDC, public release of the Terms of Reference for the additional request to the Commission, and release of material under the Official Information Act which indicates that we would update the NDC this year.

11. Officials will work with your office, and with the Commission, to align this timing as much as possible to ensure a coordinated release of information to the public and to the UNFCCC.

12. We note however that the work of the Commission can only begin once the terms of reference have been publicly released

Tokelau's contribution to the NDC

13. Officials from the Ministry of Foreign Affairs and Trade (MFAT) are working with Tokelauan officials to keep them apprised of the updated approach, with a view to including their climate contribution as part of New Zealand's updated NDC in the future.

14. **Recommendation 6** of the original Cabinet paper, seeking authorisation from Cabinet for the Ministers for Climate Change and Foreign Affairs to approve the Tokelauan content once available for inclusion, has been removed from the Cabinet paper.

Perception of not recommunicating by March 2020

15. S9(2)h) [redacted]

16. There is a high likelihood that the lack of update of New Zealand's NDC will be criticised by commentators in New Zealand and overseas. We will work with your office to prepare some public messaging, and if you feel it is still useful for officials to reach out to key stakeholders and iwi/Maori, we will update our messaging to focus on the rationale behind the new process.

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Recommendations

We recommend that you:

a. **Agree** to lodge the updated Cabinet paper on 19 March, and for Cabinet to consider it on 23 March 2020

Yes/No

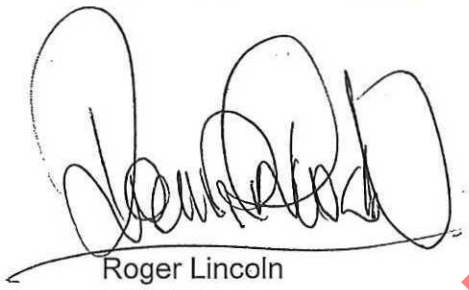
b. **Note** the change in approach to updating New Zealand's NDC

c. **Meet** with MfE and MFAT officials for further discussion on the redrafted Cabinet Paper on Monday, 16 March 2020

Yes/No

d. **Note** the attached talking points for Cabinet discussion on Monday, 23 March 2020

Signature



Roger Lincoln
Director
Climate Change Directorate:

Hon James Shaw
Minister for Climate Change **Date**

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Appendix 1: Proposed talking points for Cabinet discussion on Monday, 23 March 2020

1. As a Party to the Paris Agreement, New Zealand has committed to communicate or update our Nationally Determined Contribution (NDC) by March 2020. The NDC is our target for reducing emissions across the 2021-2030 period.

2. I have three objectives when considering how and when to respond to this:
   a. respecting this international commitment;
   b. ensuring our response promotes global action on climate change; and
   c. providing information to clarify our existing NDC (as the level of action required to meet the NDC is sometimes misunderstood).

3. Any decision to adjust the 'headline number' of the NDC needs to be properly considered.
   a. I have requested the Commission to conduct a review of the NDC on whether our target is compatible with the global 1.5°C temperature goal, and whether a further update to our NDC will be necessary in light of their findings.
   b. The detailed assessment of the NDC will take into account changes in circumstances since the NDC was first submitted in 2016 such as the IPCC's 1.5 report, and the adoption of the Zero Carbon Act. The Commission will engage with the public, iwi/hapū/Māori, industry, technical experts, special interest groups, sector lead groups and other interested parties.
   c. Because the Climate Change Commission was only set up in December last year, there was not enough time to receive their advice prior to submitting the NDC update to the UN before the end of March. However NDCs can be updated at any time. The only requirement is that we cannot reduce the ambition of our targets.

4. Given this timing constraint and the desire to ensure that our NDC is based on evidence and compatibility with the global 1.5°C temperature goal I had originally planned to:
   a. Submit an enhanced NDC in March that did not change the headline number; but which:
      i. provided greater information to facilitate clarity, transparency and understanding of our target;
      ii. highlighted our 2050 target and other domestic action; and
      iii. included Tokelau in the coverage of the NDC.
   b. Communicate the process by which the Commission would review and provide advice on the compatibility of the NDC with the global 1.5°C temperature goal, and whether a further update to our NDC (e.g. a change in headline number) is necessary.
   c. This approach was intended to respect the international commitment to update our NDC no later than March 2020; while also communicate the robust and evidence based approach New Zealand will take to review our NDC in line with the 1.5°C goal.

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5. The context has changed. Many stakeholders and Parties are keenly watching to see what countries will do to raise the ambition / headline number of their NDCs. Over the last few weeks we have received new information.

   a. S9(2)(g)(i) [redacted]

   b. S9(2)(g)(i) [redacted]

   c. S6(b) [redacted]

6. This alters the balance of risks. S9(2)(g)(i) [redacted]

   a. Note that I propose to receive advice from the Climate Change Commission before deciding on whether an update to our NDC is necessary and what it may look like; and

   b. authorises me to publicly communicate, at an opportune time, the process by which New Zealand plans to review our NDC in line with the 1.5°C goal.

   c. S6(b) [redacted]

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Document 19

Proposed talking points for Cabinet discussion on Monday, 6 April 2020

1. I seek your agreement to respond to our international commitment regarding the Nationally Determined Contribution (NDC), and to communicate to the UNFCCC the request for advice on the compatibility of our NDC with the global temperature goal of 1.5°C.
    - The NDC is our target for reducing emissions across the 2021-2030 period.
    - As a Party to the Paris Agreement, we have committed to communicate or update our NDC by 2020. With the NDC to be submitted 9-12 months in advance of the relevant UNFCCC meeting, we made a commitment to do this in February/March 2020.
    - I have requested the Commission conduct a review of the NDC on whether our target is compatible with the global 1.5°C temperature goal, and whether a further update to our NDC might be necessary in light of their findings.

2. At this stage, I am not proposing to change the headline number of our NDC, and I am seeking advice from the Commission before deciding on whether an update to our NDC might be necessary and what it may look like;
    - Any decision to adjust the 'headline number' of the NDC needs to be properly considered.
    - Because the Climate Change Commission was only set up in December last year, there was not enough time to receive their advice prior to submitting the communication about our NDC to the UN. However NDCs can be updated at any time. The only requirement is that we cannot reduce the ambition of our targets.
    - The detailed assessment of the NDC will take into account changes in circumstances since the NDC was first submitted in 2016 such as the IPCC's 1.5 report, and the adoption of the Zero Carbon Act. The Commission will engage with the public, iwi/hapū/Māori, industry, technical experts, special interest groups, sector lead groups and other interested parties.

Out of scope

[redacted]

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Out of scope

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This document sets out the planned approach for the announcement about NZ's NDC to the UNFCCC

Objective

We intend to announce the process for a review of the NDC in light of the global 1.5 temperature goa (as agreed by Cabinet on 6 April), primarily to an international audience and domestic audience ho are interested in the technicalities of climate issues.

We are seeking your confirmation on

- The approach and sequence of events
- The products for approach

Approach for release

- New Zealand has been encouraged by the COP Presidency to coordinate w th the Association of Small Island States in communicating its plans about the NDC for an event on 22 April 2020 for Earth Day.
- The Minister for Climate Change would record a video message to be hown at their event, alongside messages from other countries. The COP Presidency has indicated they would publicly support New Zealand in announcing it this way.
- NZ would lodge its NDC communication on the UNFCCC portal on the same day, thereby making the announcement public.
- The Minister's Office and MfE would also organise an op-ed highlighting New Zealand's approach.
- New Zealand would also publicly espond to the letter from Patricia Espinosa of the UNFCCC, with a message highlighting our process for reviewing the NDC with the 1.5 temperature goal and the need for global ambition and a green recovery.
- MFAT will send a Forma Me sage to Pacific posts (a key audience) to inform Pacific countries of the communication De ivery of this message to Pacific governments, however, may be limited by other events such as Covid-19 and cy lone Harold.

Sequence of Release

23 April 2020

- Pre recorded video message from the Minister played at Association of Small Island States event on 22 Ap il 2020 Belize time (18 hours behind NZ);
- Media release from Minister with public FAQs, or media release from MfE;
- Letter in response to Patricia Espinosa to be released publicly by the Minister on Beehive website
- Op-ed to be published in international media;
- Submission of New Zealand's communication about the NDC to the UNFCCC;
- Climate Change Commission to release publicly on their website the Terms of Reference seeking advice from the Minister for Climate Change on the compatibility of the NDC with the 1.5 temperature goal.

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Ministerial Involvement

Minister will need to pre-record a video message to play at the event, and approve the products.

Products

- Video
    - Script to be drafted by Danny Stevens, Cat Rowe and Peter Thornbury, in coordinatio with MFAT
    - Minister needs to record
- Minister's media release with public FAQ
    - To be finalised by Danny Stevens and Cat Rowe, with input from MFAT, using the communications plan developed by MfE and MFAT Officials
- (or Media release from MfE
    - To be drafted by Cat Rowe and Peter Thornbury, using the communications plan developed by MfE and MFAT Officials)
- Social media – Minister's own feed and MFE accounts
    - To be drafted by Danny Stevens, Cat Rowe and Peter Thornbury/MFE social media team
    - Placement negotiated by Danny Stevens
- Op-Ed
    - To be drafted by Danny Stevens, Cat Rowe and Peter Thornbury
    - Placement arranged by Danny Stevens
- New Zealand's communication to the UNFCCC
    - To be drafted by MfE (Helen Plume) in coordination with MFAT
- Public response to the letter from Pa icia Espinosa of the UNFCCC
    - To be drafted by MfE, in coordination with Danny Stevens and MFAT
- Terms of Reference released
    - Climate Change Commission to release
    - MfE officials to discuss with Commis ion.

For consideration:

We are seeking your confirmation on:

- The pproach and sequence of events
- The products for approach

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Updated communications plan for the announcement on the NDC

April 2020

Holding lines to use prior to a public announcement on NZ's NDC update or communication

Generic lines approved for all of MfE use:

- *Given the current circumstances, the Government and Ministers are understandably focused on the immediate priority of dealing with COVID-19.*
- *All government agencies, including MfE, are reprioritising to make sure we can support the COVID-19 response programme, and ensure the continued delivery of our critical work.*
- *In light of this, we will be reviewing our work programme to see what adjustments need to be made.*
- *No decisions have been made on this yet.*
- *We will provide updates as soon as possible.*

NDC specific holding line to use until an announcement:

As a Party to the Paris Agreement, New Zealand must maintain successive Nationally Determined Contributions (NDCs), and communicate one every five years. New Zealand is firmly committed to global climate ambition, and delivering on the Paris Agreement.

New Zealand officials are currently working through the process to make a submission to the UNFCCC on our NDC that is consistent with our commitments under the Paris Agreement.

[In response to questions on engagement] *At the moment, there has been no decision on public engagement or consultation for the process. We will be sure to keep you updated on any decisions that are made regarding future consultation and engagement.*

Intended audience for communications plan

- International audience who will look at countries' communications about their NDC and the implication this might have for encouraging global ambition
- Domestic audience who follow climate policy and politics. They are likely to already know about the UNFCCC processes and be aware of the commitments under the Paris Agreement. Because the target itself is not being changed, there may be little interest from those who do not follow climate policy. There might be broader interest if the un-changed target were to become a public issue, but the broadening of the audience would not change the messaging.

Objective of announcement

To announce and outline the process for the Climate Change Commission's review of our NDC in light of New Zealand's desire to align it with the 1.5°C part of the temperature goal, and explain the current target to allow a better understanding of New Zealand's climate ambition for the period 2021 to 2030.

Key messages for announcement (tentative date of 22/23 April)

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1. The Minister for Climate Change has asked the Climate Change Commission to review New Zealand's NDC to ensure its compatibility with limiting global warming to 1.5°C degrees.
2. If advice concludes that it is not compatible, the Commission will provide recommendations on how to align the NDC with the global 1.5°C temperature goal.
3. The independence of the Commission's advice will provide assurance to New Zealanders and the international community that our commitment to climate action is real and our ambition is high
4. New Zealand has communicated this process to the UNFCCC Secretariat.
5. While New Zealand's current NDC is already challenging, we consider this process of reviewing our NDC in light of an effort to limit warming to 1.5°C degrees will best enable New Zealand to support global ambition for the Paris Agreement.
6. New Zealand's current NDC target is to reduce emissions to 30% below 2005 levels across the period 2021 – 2030.
    - Our NDC needs to represent a country's highest possible ambition. New Zealand is committed to taking action on climate change that is consistent with the global effort to limit warming to 1.5°C. This is why we are asking the Climate Change Commission to advise us on the level of ambition of the NDC.
    - New Zealand is able to update its NDC at any time, with a view to enhancing ambition. We want to receive the Commission's advice in 2021 before deciding on whether or not the level of ambition is adequate or needs to increase.
    - Our NDC target will be managed using an emissions budget approach. This sets a national budget (or limit) of greenhouse gases able to be emitted for the period 2021 – 2030. The NDC states that the emissions reduction target will likely be met through a combination of afforestation, domestic emissions reductions and access to international carbon markets with environmental integrity.
    - This is a different approach to the 2050 target, which is a point year target. By comparison, point year targets represent a goal for the target year only, e.g. net zero emissions in 2050.
    - The NDC target was determined in 2015 following Māori, stakeholder and public consultation, as well as economic modelling of the impact of the NDC on our economy and households. The process further considered what would represent maximum possible ambition for New Zealand's contribution, taking into account factors like, national circumstances, historical responsibility for climate change, our status as a developed country, the cost of effort, carbon dioxide emissions per capita versus all-greenhouse gas per capita and national GDP.
7. The terms of reference of this request are being publicly released. This work of the Commission needs to start now for the advice to be received by February 2021.
8. The Commission will engage with the public, iwi/hapū/Māori, industry, technical experts, special interest groups, sector lead groups and other interested parties towards the end of 2020.

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	Risk	Mitigation
1	A lack of clear information and engagement from Officials may result in the target being misunderstood by ENGOs and media, such as a point year target rather than a budget based target.	Provide full information about our NDC and how it is challenging. Explaining further how a budget-based target compares to a point-year target, and how this is often misunderstood, and the abatement challenge is underestimated. The Minister's office could also hold a media briefing with MfE/MFAT officials at time of announcement to ensure the reporting is informed.
2	New Zealand's NDC may be judged to not be challenging enough.	Present information showing how it is ambitious, and emphasise it is being reviewed independently, so could change. Provide context with other countries' commitments and our circumstances. Identify potentially critical parties and brief them on underlying commitment. New Zealand can work to ensure judgements are factually based, but cannot fully mitigate against a judgement on whether the NDC is ambitious enough.
3	If the media reports New Zealand's target to be unambitious, other governments that have a role in raising ambition internationally may perceive New Zealand negatively. New Zealand's international role in ambition may be undermined.	We will time the public announcement to join with other countries in sending a message on global ambition. New Zealand is focused on the 1.5°C degree part of the Paris Agreement, which is a higher level of ambition than many countries. After Cabinet's decision, MFAT plan to proactively communicate to other key governments, particularly Pacific Island Governments, the rationale for and process with the Commission. We will also explain that we are focusing on integrity of process, to ensure our NDC is compatible with the global temperature goal, and will receive this advice in 2021. We could also include messaging around how New Zealand actively works to address the global ambition gap, and endorsed the Talanoa Call to Action at COP24. And to explain the challenging level of abatement required to meet our current NDC.
4	New Zealand's international role in ambition may be undermined by not updating our NDC – let alone increasing the headline number – as well as our international reputation as a climate leader, as developed countries should take the lead	This may be mitigated by explaining that we are focusing on integrity of process, to ensure our NDC is compatible with the global temperature goal that has been agreed, and the Climate Change Commission will be independently reviewing the target in 2021. We could also include messaging around how New Zealand actively works to address the global ambition gap, and endorsed the Talanoa Call to Action at COP24. And to explain the challenging level of abatement required to meet our current NDC.
5	There may be criticism that New Zealand is relying on the Zero Carbon Act as our main piece of mitigation legislation, when we are still not on track for meeting the NDC.	Explain clearly that the Zero Carbon Act sets a framework for other climate change policies and emissions budgets to be set to help our 2050 targets. The NDC is a waypoint on that trajectory. Other policies will be implemented to meet the NDC.

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6	Inconsistency between domestic versus international targets and how we will meet them, in reference to use of international carbon markets. Risk that there is confusion around abatement for each target	Communication about the different purposes of the targets and the work which is being done to see what we can actually deliver domestically. Firstly explain the difference between the targets. New Zealand's NDC states that we have the option to use international market mechanisms Secondly, we can inform that we're working out what abatement can be done domestically, particularly in the transport and agriculture sectors.
7	Judicial review and requests under the Official Information Act	Release the Cabinet Paper and provide further information in public FAQs, to provide transparency for why we have chosen this approach for the communication of our NDC. Following the Commission's advice Cabinet may choose to review the target and the public will have a chance to have their say then.

Public FAQs

	Question	Answer
1	What is a Nationally Determined Contribution (NDC)?	Under the Paris Agreement, each Party determines the contribution it will make to reduce greenhouse gas (GHG) emissions as part of the global effort to mitigate emissions. This is known as a "Nationally Determined Contribution" (NDC). Each NDC reflects that country's ambition for reducing emissions, taking into account its domestic circumstances and capabilities. Our Nationally Determined Contribution is the report we have produced that outlines our commitment to reduce our emissions from 2021 to 2030.
2	How often are NDCs submitted?	Countries are required to submit subsequent NDCs every five years. The next update is due in 2025, although countries can choose to update their NDCs at any time as long as it enhances ambition. Countries were also requested to communicate or update NDCs by 2020.
3	What is New Zealand's NDC?	New Zealand submitted its first NDC in 2016, at the same time we ratified the Paris Agreement. New Zealand's first NDC is a commitment to reduce its national GHG emissions to 30% below 2005 levels by 2030. This is an emissions budget, meaning New Zealand is responsible for the total emissions across the period 2021-2030. The NDC is economy-wide, covering all sectors and all GHGs. The NDC also contains additional information on the methodologies and approach to accounting that New Zealand will use. The current abatement task is 181.90 Mt CO2-e over 2021-2030. To put this figure in context, we are saying we will remove the equivalent of more than two years of our national emissions (based on 2017) in a ten year period.

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		We will likely do that through a combination of afforestation, domestic emissions reductions, and access to international carbon markets with environmental integrity.
4	What action is New Zealand taking with regard to its NDC in 2020?	The Minister for Climate Change has asked the Climate Change Commission, established under the Zero Carbon Act, to review the NDC and submit thei advice by XX 2021. The Commission will advise on whether the NDC is compati le with the global 1.5°C temperature goal; and if advice concludes that it is not compatible, the Commission will provide recommendations on how to align the NDC with the global 1.5°C temperature goal.
5	Why are we relying on the Climate Change Commission?	The Commission is best-placed to review the target, and provide advice to the Government, as an independent and expert body
6	Will there be opportunity for public input?	The Commission will engage wi h the public, iwi/hapū/Māori, industry, technical experts, special interes groups, sector lead groups and other interested parties towards the end of 2020
7	Will New Zealand update its NDC following receipt of advice from the Climate Change Commission?	New Zealand is able to update its NDC at any time, with a view to enhancing ambition. We want to receive he Commission's advice in 2021 before deciding on whether or not the evel of ambition is adequate or needs to increase.
8	How will this impact me?	There are no new impacts on New Zealanders, tax-payers or households, as a result of this announcement. All of us will play a role in meeting the target.
9	Are we doing enough?	We are currently not on track to meeting the target, but have started putting in place policies that will allow us to meet the target.
10	What happens if we don t meet the target?	While there are no legal repercussions for countries that don't meet their t rgets this would reflect badly on New Zealand as a country that pushes for climate ambition. New Zealand is committed to meeting the target.
11	When will the Government decide he next NDC?	New Zealand's second NDC is due in 2025 to cover the period starting from 2031. No decision has been taken yet with regard to New Zealand's second NDC (post-2030).
12	Does the postponement of COP26 affect the NDC submissions?	No, countries have been asked by the UNFCCC to update their NDCs in 2020. Some countries, such as Japan, Norway and Switzerland have already updated their NDCs.
13	What makes New Zealand's NDC challenging?	New Zealand's NDC already represents a significant challenge to reduce our emissions.

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		Projected net emissions for the period 2021-2030 are 698Mt CO2-e. This means the current abatement task corresponds to 181.90 Mt CO_2-e over 2021-2030.[1] To put this figure in context, this is more than two times New Zealand's gross emissions in 2017.[2] It is also more than the projected emissions for the transport over the entire NDC period.[3] We have a big task ahead of us. The Commission will provide advice on whether the NDC is compatible with the temperature goal of 1.5°C.
14	How will New Zealand meet its NDC target?	The NDC will likely be met using a mixture of removals of emissions from forestry, domestic emission reductions, and access to international units with environmental integrity. The Commission will provide advice on ways to meet the NDC. We will need additional policies than what is currently in place to ensure the necessary emission reductions to meet our NDC.

Back pocket questions and answers

Question	Answer
Is New Zealand's NDC compatible with the 1.5°C scenario?	The Commission will re-evaluate the NDC in light of that objective. MfE officials' initial findings are that New Zealand's NDC is consistent with pathways limiting warming to 1.5°C with "high overshoot" in the IPCC Special Report on 1.5°C. In these scenarios, the global mean temperature exceeds 1.5°C above preindustrial levels temporarily before dropping back to below the 1.5°C threshold. It is not consistent with pathways limiting warming to 1.5°C with "no or limited overshoot". In light of these findings, the Minister for Climate Change has asked the Climate Change Commission to review the NDC and submit a final report by XX 2021. The Commission will provide advice on whether the NDC is compatible with the global 1.5°C temperature goal; and if advice concludes that it is not compatible, recommendations on how to align the NDC with the global 1.5°C temperature goal, will be provided.

[1] Includes Tokelau's projected emissions contribution of 0.03Mt CO_2-e and excludes projected emissions removals from forestry activities

[2] Gross emissions in 2017 were 80.85 Mt CO_2-e as reported in *New Zealand's 2019 Greenhouse Gas Inventory* (April 2019)

[3] Emissions from transport for 2021-2030 are projected to total 156.85 Mt. This value does not include emissions from international transport to/from New Zealand. For more information see *New Zealand's Fourth Biennial Report* (December 2019).

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Is the Government not pushing all difficult decisions to the Commission, when the advice it has received is that the NDC is not consistent with the temperature goal in the ZCA?	Any decision taken by Cabinet to adjust the NDC target needs to be properly considered, with a detailed assessment of the NDC in light of the change in circumstances since the NDC was first submitted in 2016 (e.g. IPCC 1.5°C report, Zero Carbon Act etc.). The Minister has asked the Commission to review the NDC and its compatibility with the global 1.5°C temperature goal, and recommend any changes. The Commission was established to provide independent expert advice to the Government and to monitor and review its progress towards emissions reduction an adaptation goals. It is not a dec sion making body. Because the Commission was not estab ished until December last year it was not possib e to ask for the assessment in time to inform this update of the NDC, due to our commitment to submit the update in 2020.
Why are the gases split in the Zero Carbon Act and not in the NDC?	The diff rent requirements for CO_2 and methane in the Zero Carbon Act a e due to their different lifetimes in the atmosphere, potency as greenhouse gases and consequently their warming effects. While CO_2 and N_2O remain in the atmosphere for centuries or more, CH_4 only exists for about a decade. Treating these gases differently also reflects the IPCC's assessment of how to limit warming to 1.5°C. The target in the NDC provides continuity with New Z aland's two previous international targets: 2008-2012 under the first commitment period of the Kyoto Protocol, and 2013-2020 under the UNFCCC. Both these targets are economy-wide "basket of gases" targets managed through an emissions budget for the periods covered by the targets. This type of target is sometimes called "an economy-wide, absolute emission reduction target". The Paris Agreement (in Article 4.4) states that developed countries should continue taking the lead by undertaking economy-wide, absolute emission reduction targets. New Zealand's NDC is in line with Article 4.4. Emissions reductions that occur in New Zealand as a result of the domestic split-gas target count towards the NDC.
What is a budget-based target?	New Zealand's NDC is budget-based, something which is often misunderstood. New Zealand's NDC sets a budget for our emissions in all of the years of the NDC period (2021 – 2030) which we are responsible for. By comparison, point-year targets represent a goal for the target year only. The misunderstanding of our target

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	often leads to an underestimation of the mitigation required to meet it.
Why did New Zealand choose a budget based target?	• Consistency with previous multi-year targets, starting in the first commitment period of the Kyoto Protocol. • Comparison of emissions in all the years of the target period. • Accountability for the years prior to the target and to limit total, cumulative emissions over a continuous period, from the start date (2021) to the target year (2030). • Greater certainty in emissions pathways. • Primarily the budget-based approach is better for the climate, as it means real, long term reductions more quickly. What matters most for holding global temperature rise to 1.5°C degrees Celsius (rather than 2 degrees Celsius) is the amount emitted altogether. The budget based approach was required by the Kyoto Protocol for developed countries. This approach also makes it better for the planning process, hence why the Zero Carbon Act also has emissions budgets. As emissions production fluctuates over time, the budget-based approach allows New Zealand to roll with the peaks and troughs.
Will New Zealand use Kyoto Protocol / pre-2020 units / 'carry-over' for it's NDC?	No. We will meet our NDC through domestic emissions reductions and removals from forestry. We may supplement strong domestic action with access to international carbon markets with environmental integrity.
What will be the regulations around international carbon trading, and how do we know it is really effective?	The Paris Agreement requires that any use of international carbon markets towards countries meeting their NDCs has environmental integrity and is not double counted. In addition to these requirements, New Zealand's legislation has: • qualitative restrictions - requiring that offshore mitigation used within New Zealand represents real emissions reductions and are robustly accounted for; and • quantitative restrictions – enabling limits to be placed on the use of international carbon markets by NZ ETS participants, if the NZ ETS is reopened to international markets in future.

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	The Government has also created a framework to be used when assessing potential options for international carbon market cooperation. All aspects of potential carbon market cooperation will be assessed for environmental integrity. This framework also requires, amongst other things, that any potential engagement in international carbon markets: • is done in partnership with Māori; and • supports both partners' transition to low-emissions, climate resilient economies
Why would New Zealand use international carbon markets when there is domestic abatement to be done at home?	The NDC does not state that New Zealand will use international carbon markets; but makes clear that we have the option of doing so. The NDC is our contribution to the global environmental effort to reduce emissions; choices about how we do it are domestic, and will have economic and distributional impacts. New Zealand is committed to strong domestic action to reduce emissions. The option of using international carbon markets to supplement strong domestic action may be an important tool to allow us to make our contribution to global emissions reductions and transition the New Zealand economy, while also managing impacts on business, communities, and whanau.
What are other countries doing to update their NDCs?	Switzerland, Norway, Chile, Singapore and Japan (among others) have already communicated their updates to the UNFCCC. Norway increased their headline number from a reduction in emissions by at least 40 per cent from 1990 levels by 2030 to a reduction of 50 per cent and towards 55 per cent from 1990 levels by 2030. Switzerland plans to submit the information necessary for clarity, transparency and understanding once the CO_2 act has passed through domestic parliament. Chile, Japan and Singapore have updated their NDCs with the information to facilitate clarity, transparency and understanding.
Why didn't NZ reassess its NDC prior to the Feb/March deadline that other countries have been working towards?	The Commission is best placed to do this, but was only established late in 2019.
How does New Zealand plan to increase ambition at the next COP (COP26) in Glasgow?	New Zealand believes it has a crucial role to work with our neighbours in the Pacific to increase capacity for climate mitigation and adaptation. New Zealand is also part of the High Ambition Coalition, a group of countries who are determined to increase ambition, as well as the Climate Neutrality Coalition, the Global Research Alliance on Agricultural Greenhouse Gases and the Friends of Fossil Fuel Subsidy Reform. Through these coalitions, New Zealand can work with others to identify emissions reductions opportunities and practises that can be scaled up and replicated to support ambition.

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How can we mobilise New Zealanders and the world if we are not on track to meet our target?	New Zealand sets an example with a challenging target that it is working hard to meet. Through policies such as the climate change education in schools, New Zealand hopes to educate and mobilise ambitious climate action.
Is the Zero Carbon Act the only piece of legislation that is helping us meet our target?	The ZCA sets out our ambitious long-term goal, and provides the framework in which other policies can be created and be aligned to a shared goal. To deliver the emissions, more policies are needed. The NZ ETS is the Government's main policy tool for reducing emissions and meeting international nd domestic climate targets, and is currently being reformed to make sure it delivers the necessary reductions.
Why was 2005 chosen as the base year for the NDC?	The rationale for electing the 2005 reference y ar was for ease of comparability with other Parties
Why was the period 2021 – 2030 elected as the budget period for the NDC?	New Zealand elected the period 2021 to 2030 for New Zealand's first NDC because, among o her reasons, it: • Sends clear, long-term signals to businesses and the public, which assists in building certainty about expected em sions reductions. • Provides f exibility in managing emissions over times. • Enables management of impact of outlier years (e.g. dry years). • Allows t me to signal need for, and to commercialise, research and new technologies (fo example, methane vaccines or inhibitors).
Why does New Zealand continue to use gross-net accounting when this is misl ading?	New Zealand follows the internationally agreed reporting and accounting rules (agreed and negotiated by all Parties to the UNFCCC, Kyoto Protocol or Paris Agreement as appropriate). The Kyoto Protocol was set up using gross-net accounting, New Zealand continues to use this approach to be consistent with what we've done in the past. Gross-net accounting is used as it treats forestry offsets as a mitigation activity, therefore is not included in the base year. Gross-net accounting is not just about "offsets" as it fully accounts for all emissions from deforestation, and from forest harvesting. All the information is transparently reported and reviewed by international expert reviewers.
How can you count trees and forestry towards the target when the baseline year accounting is in gross emissions?	We figure out emissions budgets based on gross emissions, but when we want to see the impact of New Zealand's activities in terms of emissions, we take account of forestry post 1989. Forestation is a legitimate means to reduce greenhouse gases.

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Talking points for Oxfam New Zealand's 'A fair 2030 target for Aotearoa' report

Your reaction to the findings of the report (see the background section for a high-level summary of the findings)

- I welcome the publication of Oxfam's report which raises an important question about whether our 2030 target is consistent with our fair share to limit global warming to 1.5°C
    - it provides a useful analysis to help inform the upcoming assessment of our 2030 target by the Climate Change Commission
    - in part, these concerns about our fair share sit behind my request to the Climate Change Commission to provide advice on whether the NDC is compatible wi h the global 1.5°C temperature goal and provide recommendations on any changes to the NDC required to ensure it is compatible.

Talking points in response to questions about equity and fair share

- The question of fair share and equity can be difficult to quantify. New Zealand will need to balance what its fair share is, which is what the Oxfam report covers, and what is possible given our commitment to a just transition and our emissions profile
    - the considerations at the time of deciding on our 2030 target primarily took into account how our target compared with other countries' targets
    - the question of what our fair share is as part of a global agreement is a fundamentally different question to what our fair share is compared to what other countries are doing
    - both questions are important and will inform the government's decision next year on the NDC in light of advice we will receive from the Climate Change Commission.

Your request to the Climate Change Commission to review the NDC

- I have asked the Commission to review New Zealand's NDC to consider its compatibility with the goal of limiting global warming to 1.5°C
    - if advice concludes that it is not compatible, the Commission will provide recommendations on how we could align the NDC with the global 1.5°C temperature goal. This advice is expected 31 May 2021
    - the independence of the Commission's advice will provide assurance to New Zealanders and the international community that our commitment to climate action is real and our ambition is high
    - a decision on whether or not to change the NDC will take into account the Commission's advice, along with advice from others.

Backpocket Q&A

How does MfE's modelling differ from what Oxfam used? If at all?	Oxfam's analysis used five different equity or burden-sharing models. MfE's analysis (2020-B-06407) looked at New Zealand's target against the global emissions pathways as assessed by the Intergovernmental Panel on Climate Change (IPCC). The initial advice by MfE emphasised that our analysis was a simple

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	approach that did not represent an assessment of our fair share. Analysis was undertaken in 2014/2015 when deciding on the NDC target which included a range of different metrics, and a country comparison. The Oxfam report also uses variously net-net and gross-gross accounting of emissions. This makes it more difficult to compare our NDC (which is a gross-net target consistent within international rules around targets) with the numbers in the Oxfam report.
What does our modelling show us?	MfE's advice (2020-B-06407) was that New Zealand's NDC is not consistent with pathways limiting warm ng to 1.5 degrees with no or limited overshoot. But it was consistent with pathways limiting warming to 1.5 degrees with no, limited or high overshoot, or 2 degrees. This, however, was done using a very simple approach to place New Zealand's emissions into a global context – which is why I have asked the Commission to evaluate the question in more detail. MfE s advice is not directly comparable to the Oxfam report, as MfE's advice does not contain any assessment of fairness or other burden-sharing approaches.
What work has been done on international trading/procuring international units and how much of the abatement task will be covered by that?	New Zealand is currently exploring options for access to international carbon markets The NDC was designed to be met through a combination of domestic emissions reductions, removals by forestry and the use of carbon markets with environmental integrity. The extent to which we will make use of international carbon markets will depend on how much we reduce our emissions domestically, and I look forward to advice from the Commission and government departments on this next year.
Is this true? Is our fair share an 80 to 99 per cen reduction?	This is a very good question, which is why I have asked the Commission to provide independent advice on our NDC. I am sure they will consider the information and methodology contained in the Oxfam report.

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Background

Oxfam New Zealand has released a report 'A fair 2030 target for Aotearoa', regarding what a fair 2030 target for New Zealand would look like for it to align with a global temperature limit of 1.5°C. The draft executive summary was shared confidentially with officials ahead of the release, and officials have had the opportunity to provide some feedback to Oxfam.

The report's main findings

- the Oxfam report concludes that New Zealand's current NDC falls well short of its equitable contribution to the global temperature goal of 1.5°C
- taking into account a range of equity models, Oxfam considers New Zealand's fair share of the global effort to limit warming to 1.5°C with no or limited overshoot would be at least an 80% reduction from 1990 levels by 2030 – without conside ation of historical responsibility
- this compares to our current NDC which is to reduce emissions by 30 per cent between 2021-2030 compared to 2005 levels, or by 11 per cent compared to 1990 levels. New Zealand's NDC is often mischaracterised as a point-year target, instead of a budget-based target across a ten-year period. Deciding what constitutes our fair share will need to consider the full emissions budget as this can affect the effort needed to meet our NDC by 2030, given where our emissions are at present
- considering New Zealand's historical responsibility, our fair share would increase to reductions of at least 99 per cent below 1990 levels by 2030
- the summary acknowledges a target like this is unlikely given cost, timeframes, and efficiency. The report does not discuss whether these emissions reductions should happen domestically or internationally.

Based on this assessment and the inability for New Zealand to meet such ambitious targets by 2030, the report proposes actions for the Climate Change Commission and the Minister for Climate Change including:

- to public y acknowledge what New Zealand's fair share target would be
- enhance the NDC considering our fair share, national circumstances and just transition. It does not give a specific target that it should be enhanced to
- scale up climate finance contributions to developing countries, and commit to this in the NDC
- communicate which portion of our NDC will be met domestically and how much will be met using international units.

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Appendix 1: Proposed talking points for Cabinet discussion on Monday, 23 March 2020

1. As a Party to the Paris Agreement, New Zealand has committed to communicate or update our Nationally Determined Contribution (NDC) by March 2020. The NDC is our target for reducing emissions across the 2021-2030 period.

2. I have three objectives when considering how and when to respond to this:
   a. respecting this international commitment;
   b. ensuring our response promotes global action on climate change; and
   c. providing information to clarify our existing NDC (as the level of action required to meet the NDC is sometimes misunderstood).

3. Any decision to adjust the 'headline number' of the NDC needs to be properly considered.
   a. I have requested the Commission to conduct a review of the NDC on whether our target is compatible with the global 1.5°C temperature goal, and whether a further update to our NDC will be necessary in light of their findings.
   b. The detailed assessment of the NDC will take into account changes in circumstances since the NDC was first submitted in 2016 such as the IPCC's 1.5 report, and the adoption of the Zero Carbon Act. The Commission will engage with the public, iwi/hapū/Māori, industry, technical experts, special interest groups, sector lead groups and other interested parties.
   c. Because the Climate Change Commission was only set up in December last year, there was not enough time to receive their advice prior to submitting the NDC update to the UN before the end of March. However NDCs can be updated at any time. The only requirement is that we cannot reduce the ambition of our targets.

4. Given this timing constraint and the desire to ensure that our NDC is based on evidence and compatibility with the global 1.5°C temperature goal I had originally planned to:
   a. Submit an enhanced NDC in March that did not change the headline number; but which:
      i. provided greater information to facilitate clarity, transparency and understanding of our target;
      ii. highlighted our 2050 target and other domestic action; and
      iii. included Tokelau in the coverage of the NDC.
   b. Communicate the process by which the Commission would review and provide advice on the compatibility of the NDC with the global 1.5°C temperature goal, and whether a further update to our NDC (e.g. a change in headline number) is necessary.
   c. This approach was intended to respect the international commitment to update our NDC no later than March 2020; while also communicate the robust and evidence based approach New Zealand will take to review our NDC in line with the 1.5°C goal.

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5. The context has changed. Many stakeholders and Parties are keenly watching to see what countries will do to raise the ambition / headline number of their NDCs. Over the last few weeks we have received new information.

   a. S9(2)(g)(i) [redacted]

   b. S9(2)(g)(i) [redacted]

   c. S6(b) [redacted]

6. This alters the balance of risks. S9(2)(g)(i) [redacted] I propose that Cabinet:

   a. Note that I propose to receive advice from the Climate Change Commission before deciding on whether an update to our NDC is necessary and what it may look like; and

   b. authorises me to publicly communicate, at an opportune time, the process by which New Zealand plans to review our NDC in line with the 1.5°C goal.

   c. S6(b) [redacted]

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Restricted

Office of the Minister for Climate Change

Chair, Cabinet Environment, Energy and Climate Committee

Process to update New Zealand's Nationally Determined Contribution under the Paris Agreement

Proposal

1. Parties to the Paris Agreement have committed to communicate or update their Nationally Determined Contributions (NDCs) by March 2020. In 2016, New Zealand ratified the Paris Agreement and we submitted our NDC which covers a ten year period from 1 January 2021.

2. I propose that we do not submit an update to our NDC at this time. I have requested advice from the Climate Change Commission (the Commission) on whether New Zealand's NDC is compatible with the global temperature goal of 1.5°C, and whether our headline target would need to change. I propose that we do not submit prior to receiving advice from the Commission. I expect to receive this advice in February 2021.

3. I seek Cabinet's approval to authorise the Minister for Climate Change to communicate to the UNFCCC the request that the Commission provide advice on the compatibility of the NDC with the global temperature goal of 1.5°C.

4. I had previously intended to seek Cabinet's approval to submit an update of New Zealand's 2021-2030 NDC to the United Nations Framework Convention on Climate Change (UNFCCC) by March 2020. This update did not include a change in the headline number of the NDC, but included an accompanying narrative about the domestic action we are taking on climate change, as well as further information to improve transparency, clarity, and understanding of our target. However, I now propose a different approach as the context has changed.

5. S6(b) [redacted]

Executive summary

6. Cumulatively, existing NDCs do not represent sufficient ambition to limit warming to 1.5°C and there is a clear need for greater global action on climate change. Parties to the Paris Agreement, including New Zealand, have committed to communicate or update their NDCs by March 2020.

7. The overarching objectives of updating our NDC are threefold; to respond to our international obligation to communicate our updated NDC to the UNFCCC by March 2020; to encourage global action on climate change; and, to explain our NDC to stakeholders.

8. To ensure New Zealand seeks the highest possible ambition in its NDC, and aligns with the global temperature goal that we have committed to under the Paris Agreement, I have requested the Commission provide advice and recommendations to the Government on whether the NDC should change to bring it in line with the global 1.5°C

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temperature goal and, if so, how. Following the Commission's advice, it may be appropriate for the NDC target to be revisited. I expect to receive this advice by 1 February 2021.

9. s 9(2)(h) [redacted]

10. I had initially proposed that New Zealand re-submit an unchanged headline target, alongside information to better communicate our NDC, by March 2020. However, the context surrounding the submission has changed and this has affected our approach.

11. s 6(b) [redacted]

12. Instead, I propose that New Zealand communicates to the UNFCCC that the Commission will assess the compatibility of the existing NDC with the global 1.5°C temperature goal. This will ensure that our NDC represents the highest possible ambition for New Zealand in light of our commitment to the global temperature goal of 1.5°C.

13. I had originally planned on revisiting the NDC's ambition in 2019, but deferred due to delays to the Zero Carbon Act which consequently delayed the establishment of the Commission.

14. There is a high likelihood that not updating New Zealand's NDC may be received negatively by some countries and commentators. We seek to minimise this risk by highlighting the request to the Commission and underlining our commitment to global action to limit warming to 1.5°C.

15. Although we have chosen not to update our NDC at this point, under the Paris Agreement, New Zealand is able to amend its NDC at any stage. We are not limited in opportunities to revise our target, only on the nature of the revision as we need to demonstrate progression and increased ambition over time. This is set out in Article 4(11) of the Paris Agreement, which states that a Party may at any time adjust its existing nationally determined contribution with a view to enhancing its level of ambition.

16. In 2017, Tokelau asked New Zealand to extend its territorial application of both the UNFCCC and Paris Agreement to Tokelau. Now that New Zealand's ratification of the UNFCCC and Paris Agreement has been extended to include Tokelau, New Zealand's reporting now includes Tokelau. Officials are working with Tokelau to inform them of the proposed approach, and to include Tokelau's climate contribution as part of any update to New Zealand's NDC in the future.

Background

New Zealand is committed to ambitious climate action and the Paris Agreement

17. The Paris Agreement was designed to ensure that all countries, no matter how big or small, contribute to keeping average global temperature increase to well below 2°C above pre-industrial levels, and pursuing efforts to limit the temperature increase to 1.5°C.

18. NDCs represent each country's contribution to these global temperature limits. NDCs are required to show a country's highest level of ambition to reduce global emissions, a progression on previous efforts, and to be more ambitious over time.

19. New Zealand's existing NDC, submitted in 2016 and covering the period 2021-2030, represents our international contribution to mitigating climate change. The headline target

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is to reduce emissions to 30 per cent below 2005 levels by 2030. New Zealand's projected total emissions across the period 2021-2030 are 783 Mt CO_2-e, with an expected emissions budget of 601 Mt CO_2-e. Accordingly, the estimated abatement needed over that ten year period is 182 Mt CO_2-e.

20. New Zealand's NDC is a "responsibility target", meaning that the target could be met through a combination of domestic emissions reductions, emissions removals (e.g. from forestry and other land use), and access to international carbon markets. We do not need to make decisions on how we will meet our NDC at this stage.

21. To inform any future increase in the headline target of the NDC, I have requested the Commission provide advice and recommendations to the Government on whether the NDC should change to bring it in line with the global 1.5°C temperature goal and, if so, how. It may be appropriate for our NDC to be updated following the Commission's advice.

The need for increased global ambition

22. The Paris Agreement remains the most important forum for addressing climate change. It has near universal membership and continues to attract significant public and media interest. With the Paris "rulebook" largely finalised over the past two years, attention is increasingly focusing on the Agreement's implementation. Many countries, including New Zealand, have made efforts to implement the Paris Agreement by putting in place comprehensive domestic policies and measures and long-term climate goals.

23. Despite this, 2020 will be an important test for the Paris Agreement as current NDCs do not cumulatively represent sufficient action to limit warming to 1.5°C[1] and there is mounting evidence that urgent action is needed to significantly reduce global emissions before 2030 in order to meet the 1.5°C goal.[2]

24. New Zealand actively works to address the "global ambition gap". The 2018 Talanoa Dialogue sought to influence countries to increase their ambition when updating their NDCs. New Zealand acknowledged the significant gap between current global emissions and the 1.5°C scenario, endorsing the Talanoa Call to Action at COP24. The United Nations Secretary-General's (UNSG) Climate Action Summit 2019 also pushed for increased action and ambition of NDCs. New Zealand played a significant role through co-leading the Summit's Nature Based Solutions pillar with China, encouraging countries to "unlock the full potential of nature in climate action."

25. Calls for increased ambition featured last year at COP25 in Madrid[3] and I expect global ambition and Parties' updated NDCs to be in the spotlight at COP26 in Glasgow in November 2020. The European Union (EU) has announced that it will increase its NDC from a 40 per cent to a 55 per cent reduction from 1990 levels by 2030. Similarly, Norway has recently announced that they will increase their NDC from a 40 per cent to a 50-55 per cent reduction by 2030. s 6(b) [redacted]

26. There are signals that others will follow suit, including S6(a) [redacted] To further encourage steps towards increased global ambition, New Zealand should demonstrate serious intent to achieving its highest possible ambition. We aim to do this through the

[1] This has been illustrated in a number of reports, including the recent UNEP Emissions Gap Report 2019 which found that countries would need to increase their 2030 climate plans more than fivefold to limit global temperature rise to the 1.5°C goal of the Paris Agreement.

[2] The IPCC Special Report on 1.5°C found that in pathways limiting global warming to 1.5°C, global net human-caused emissions of carbon dioxide fall by about 45 per cent from 2010 levels by 2030, reaching 'net zero' around 2050. This means that any remaining emissions would need to be balanced by removing CO_2 from the atmosphere.

[3] Global ambition featured in the COP's outcome the *Chile Madrid Time for Action* (Decision 1/CP.25 and 1/CMA.2).

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request to the Commission for independent advice before we decide on whether, and if so, how to update our NDC.

27. I have been informed that other countries, such as S6(a) [redacted], do not plan to increase their headline numbers but intend to enhance their NDCs with additional information to provide a narrative and align NDC implementation with their long-term climate goals. Switzerland has recently submitted their NDC update and indicated that the headline number would not change. S9(2)(g)(i) [redacted]

28. If we do not communicate an update to the NDC in March 2020, as committed to under the Paris Agreement, we run the risk of being perceived to not be contributing to global action on climate change, and ignoring our previous commitment to update. It is expected that these perceptions can be managed by emphasising the request to the Commission, and underlining that New Zealand can communicate its NDC to the UNFCCC at any time.

29. S9(2)(g)(i) [redacted]

30. This change in the balance of risks has changed the context and I therefore propose that we do not submit an update to our NDC prior to receiving advice from the Commission.

Analysis

Approach to not updating New Zealand's NDC

31. Momentum surrounding the increase in climate ambition is important. New Zealand does not want to contribute to a perceived lack of action from progressive nations, nor stymie momentum for increased ambition from other countries who have not yet communicated or updated their NDCs in the lead up to COP26 in November.

32. To best achieve our objective of encouraging global action on climate change, my proposal is that New Zealand not update its NDC in March 2020, as previously planned, and request advice from the Commission.

33. The proposed approach of relying on advice from the Commission before changing any headline number of our NDC was guided by the following principles:

- New Zealand's commitment to limiting global temperature rise to 1.5°C (rather than 2°C);
- Any contribution from New Zealand should add to global momentum on climate action and encourage increased ambition from other nations;
- New Zealand should seek its highest ambition in its NDC update, and this is best informed by advice from the Climate Change Commission;

Proposed NDC approach

34. I seek Cabinet's agreement to not update our NDC in March 2020, and to communicate to the UNFCCC that the Commission will be providing independent advice on the compatibility of our NDC with the global temperature goal of 1.5 degrees in early 2021.

35. While New Zealand committed to meeting the March 2020 submission deadline, the balance of risk has changed and our objectives are best achieved by not updating our NDC now as we are not proposing a change in the headline number.

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36. Parties to the Paris Agreement can update their NDCs at any time as long as the ambition doesn't decrease.

Consultation

37. This paper was prepared by the Ministry for the Environment, with input from the Ministry of Foreign Affairs and Trade.

38. The Treasury, the Ministry for Primary Industries, Te Arawhiti, the Department of the Prime Minister and Cabinet and the Ministry of Business, Innovation and Employment were consulted in its preparation. Te Puni Kōkiri have been informed.

39. The Commission will be engaging with public, iwi/hapū/Māori, industry, technical experts, special interest groups, sector lead groups and other interested parties on the NDC later in 2020.

Financial implications

40. There are no financial implications from the proposals in this paper.

Legislative implications

41. There are no legislative implications from this paper.

Regulatory impact analysis

42. The RIA requirements do not apply as there are no regulatory implications from this paper.

Climate implications of policy assessment

43. The Ministry for the Environment confirms that the CIPA requirements do not apply to this proposal.

Gender implications

44. There are no gender implications arising from this paper.

Disability perspective

45. There are no disability implications arising from this paper.

Treaty of Waitangi

46. I understand the issue of climate change and its effects is highly relevant to Māori. In our domestic setting this is being addressed, *inter alia*, through the Zero Carbon Act and the development of New Zealand's first climate change risk assessment. Climate change and its effects will have an impact on all New Zealanders, however, in relation to Article II interests, Māori will likely be impacted in the exercise of their customs and culture in relation to the local environment.

47. MfE is working with Māori to co-design a process that seeks to ensure climate-related policy, and mitigation and adaptation strategies, adequately support climate resilience and the particular needs of Māori in local communities throughout Aotearoa New Zealand. An Interim Establishment Committee is now being formed to engage widely and inclusively with iwi/Māori on the proposed process, and to oversee its establishment phase.

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Publicity

48. As earlier noted, there is a high likelihood that not updating New Zealand's NDC update will be criticised by commentators in New Zealand and overseas.

49. To negate this risk and to communicate our strong commitment to addressing climate change, the Commission will provide independent advice to the Government on whether the NDC is compatible with the global 1.5°C temperature goal. If advice concludes that it is not compatible, the Commission will provide the Government with recommendations on how the NDC might be aligned with the global temperature goal.

50. There will be a chance for the public to have their say on the compatibility of the existing NDC with the global temperature goal in late 2020, as part of the Commission's stakeholder engagement.

Proactive Release

51. I propose to proactively release this paper on the Ministry for the Environment's website in whole, subject to redactions as appropriate equivalent to those under the Official Information Act 1982, once public announcements have been made.

Released under the provision of the Official Information Act 1982

Recommendations

The Minister for Climate Change recommends that the Committee:

1. **Note** the need for enhanced global action on climate change to limit warming to no more than 1.5°C above pre-industrial levels;
2. **Note** that New Zealand's current NDC is to reduce emissions to 30 per cent below 2005 levels by 2030, managed using an emissions budget approach across the period 2021-2030;
3. **Note** that the Minister for Climate Change has requested the Climate Change Commission to provide advice and recommendations to the Government on whether the NDC should change to bring it in line with the global 1.5°C temperature goal and, if so, how;
4. S9(2)(g)(i) [redacted]
5. **Note** that the Minister for Climate Change proposes not to provide an update of New Zealand's NDC to the Secretariat of the United Nations Framework Convention on Climate Change prior to receiving advice from the Climate Change Commission on the compatibility of the NDC with the global goal of limiting warming to 1.5°C;
6. **Agree** to communicate the request to the Climate Change Commission to the Secretariat of the United Nations Framework Convention on Climate Change;
7. **Note** that in 2017 New Zealand's application of the Paris Agreement was extended to include Tokelau and that Tokelau has indicated they would like to include their climate contribution as part of New Zealand's NDC;
8. **Request** the Minister for Climate Change to return to Cabinet in early 2021 following receipt of the Climate Change Commission's advice on the NDC, and to inform Cabinet on whether the level of ambition of the NDC needs to be updated to be compatible with limiting global warming to 1.5°C;
9. **Note** that officials will discuss the communication of the Climate Change Commission request to the United Nations Framework Convention on Climate Change with key stakeholders and iwi/Māori, following Cabinet's decision.

Authorised for lodgement.

Hon James Shaw

Minister for Climate Change

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Restricted

Office of the Minister for Climate Change

Chair, Cabinet Environment, Energy and Climate Committee

Updating New Zealand's Nationally Determined Contribution under the Paris Agreement

Proposal

1. Parties to the Paris Agreement have committed to communicate or update their Nationally Determined Contributions (NDCs) by March 2020. In 2016, New Zealand ratified the Paris Agreement and we submitted our NDC which covers a ten year period from 1 January 2021.
2. I seek Cabinet's approval to submit an update of New Zealand's 2021-2030 NDC to the United Nations Framework Convention on Climate Change UNFCCC). (Appendix 1).
3. I propose to return to Cabinet in early 2021 following advice from the Climate Change Commission on whether New Zealand's NDC should change to bring it in line with the global temperature goal of 1.5°C and, if so, how.
4. I propose to enhance New Zealand's existing NDC with a narrative highlighting our 2050 target and other domestic action, further technical information to facilitate clarity, transparency and understanding of the NDC, and information on Tokelau's climate contribution. This does not change the headline number of the emissions reduction target component of New Zealand's NDC nor will it confer additional obligations on New Zealand.

Executive summary

5. New Zealand's NDC target under the Paris Agreement is to reduce emissions to 30 per cent below 2005 levels by 2030. This is an absolute reduction target managed using an emissions budget approach across the period 2021-2030. This means we will be responsible for reducing emissions to that level on average throughout our entire NDC period.[1]
6. Cumulatively, existing NDCs do not represent sufficient ambition to limit warming to 1.5°C and there is a clear need for greater global action on climate change. Parties to the Paris Agreement, including New Zealand, have committed to communicate or update their NDCs by March 2020.
7. It is also an opportunity for New Zealand to affirm its full commitment to global action to limit warming to 1.5°C, and communicate our extensive domestic action on climate change.
8. I propose that New Zealand updates its NDC with information on our changed domestic context, particularly the Climate Change Response (Zero Carbon) Amendment Act (Zero Carbon Act) 2050 target. This 2050 target is compatible with limiting warming to 1.5°C. In addition to a narrative highlighting domestic action, I propose to enhance the NDC with

[1] This is a "responsibility target", meaning that the target could be met through a combination of domestic emissions reductions, purchases of international units and domestic sinks. Domestic sinks means any process, activity or mechanism which removes a greenhouse gas.

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technical information to improve understanding of the challenge it encompasses for New Zealand. I seek Cabinet's agreement to submit the 2021-2030 NDC update (Appendix 1) to the UNFCCC.

9. In 2017, Tokelau asked New Zealand to extend its territorial application of both the UNFCCC and Paris Agreement to Tokelau, which means New Zealand's reporting now includes Tokelau. Officials are working with Tokelau on how to appropriately include Tokelau's climate contribution as part of New Zealand's 2021-2030 NDC update. I seek Cabinet's agreement for delegated authority to the Minister for Climate Change and the Minister of Foreign Affairs to approve the Tokelauan content, once it is available.

10. There is a high likelihood that New Zealand's NDC update may be received negatively by some countries and commentators, as it does not raise the headline level of our emissions reduction budget for 2030.

11. I had originally planned on revisiting the NDC's ambition in 2019, but deferred due to delays to the Zero Carbon Act which consequently delayed the establishment of the Climate Change Commission. The Commission will provide independent, expert advice, including on New Zealand's climate change targets.

12. Although we have committed to this update in 2020, under the Paris Agreement, New Zealand is able to amend our NDC at any stage. We are not limited in opportunities to revise our target, only on the nature of the revision as we need to demonstrate progression and increased ambition over time. This is set out in Article 4(11) of the Paris Agreement, which states that a Party may at any time adjust its existing nationally determined contribution with a view to enhancing its level of ambition.

13. I have requested the Climate Change Commission provide advice and recommendations to the Government on whether the NDC should change to bring it in line with the global 1.5°C temperature goal and, if so, how. Following the Commission's advice, it may be appropriate for the NDC target to be revisited, but this advice will not be available prior to 2021.

14. Until such time as the Commission reports back, our NDC update seeks to mitigate the risk of being negatively received by highlighting New Zealand's enhanced domestic action, and by improving understanding of the nature and scale of our NDC. Other developed countries have also planned a similar approach to their updated NDCs, such as Switzerland. Despite the apparent risk of being negatively received, Switzerland's recently submitted NDC update that indicated that the headline target would not change, was received favourably by international commentators due to its timely submission.

Background

New Zealand is committed to ambitious climate action and the Paris Agreement

15. The Paris Agreement was designed to ensure that all countries, no matter how big or small, contribute to keeping average global temperature increase to well below 2°C above pre-industrial levels, and pursuing efforts to limit the temperature increase to 1.5°C.

16. NDCs represent each country's contribution to these global temperature limits. NDCs are required to show a country's highest level of ambition to reduce global emissions, a progression on previous efforts, and to be more ambitious over time.

17. New Zealand's NDC represents our international contribution to mitigating climate change. It is a waypoint on a long-term journey towards the 2050 targets we set under the Zero Carbon Act, which are consistent with 1.5°C. It also sets us on a path aligned with the Paris Agreement's Article 4(1) objective for Parties to aim for carbon neutrality – balancing emissions and removals – in the second half of the century.

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18. New Zealand's NDC is to reduce emissions to 30 per cent below 2005 levels by 2030. New Zealand's projected total emissions across the period 2021-2030 are 783 Mt CO_2-e, with an expected emissions budget of 601 Mt CO_2-e. Accordingly, the estimated abatement or sequestration needed over that ten year period is 182 Mt CO_2-e.

19. New Zealand's NDC is a "responsibility target", meaning that the target could be met through a combination of domestic emissions reductions, emissions removals (e.g. from forestry and other land use), and access to international carbon markets. We do not need to make decisions on how we will meet our NDC at this stage.

Enhancing NDCs in 2020

20. As outlined above, Parties to the Paris Agreement have committed to communicate or update their NDCs in 2020. There are increasing calls for these updates to "enhance" the ambition of NDCs.

21. Enhancement can be interpreted as increasing the headline number of the NDC target, aligning the NDC's implementation with long-term goals and/or by providing enhanced information to improve transparency[2] and understanding of NDCs.[3]

The need for increased global ambition

22. The Paris Agreement remains the most important forum for addressing climate change. It has near universal membership and continues to attract significant public and media interest. With the Paris "rulebook" largely finalised over the past two years, attention is increasingly focusing on the Agreement's implementation. Many countries, including New Zealand, have made efforts to implement the Paris Agreement by putting in place comprehensive domestic policies and measures and long-term climate goals.

23. Despite this, 2020 will be an important test for the Paris Agreement as current NDCs do not cumulatively represent sufficient action to limit warming to 1.5°C[4] and there is mounting evidence that urgent action is needed to significantly reduce global emissions before 2030 in order to meet the 1.5°C goal.[5]

24. New Zealand actively works to address the "global ambition gap". The 2018 Talanoa Dialogue sought to influence countries to increase their ambition when updating their NDCs. New Zealand acknowledged the significant gap between current global emissions and the 1.5°C scenario, endorsing the Talanoa Call to Action at COP24. The United Nations Secretary-General's (UNSG) Climate Action Summit 2019 also pushed for increased action and ambition of NDCs. New Zealand played a significant role through co-leading the Nature Based Solutions pillar with China, encouraging countries to "unlock the full potential of nature in climate action."

25. Calls for increased ambition featured last year at COP25 in Madrid[6] and I expect global ambition and Parties' updated NDCs to be in the spotlight at COP26 in Glasgow in November 2020. The European Union (EU) has announced that it will increase its NDC from a 40 per cent to a 55 per cent reduction from 1990 levels by 2030. Similarly, Norway has recently announced that they will increase their NDC from a 40 per cent to a 50-55 per cent reduction by 2030. S6(b)

[2] More specifically, to improve "clarity, transparency and understanding" as per UNFCCC decision 4/CMA.1.

[3] World Resources Institute (2019). *Enhancing NDCs: A Guide to Strengthening National Climate Plans by 2020.*

[4] This has been illustrated in a number of reports, including the recent UNEP Emissions Gap Report 2019 which found that countries would need to increase their 2030 climate plans more than fivefold to limit global temperature rise to the 1.5°C goal of the Paris Agreement.

[5] The IPCC Special Report on 1.5°C found that in pathways limiting global warming to 1.5°C, global net human-caused emissions of carbon dioxide fall by about 45 per cent from 2010 levels by 2030, reaching 'net zero' around 2050. This means that any remaining emissions would need to be balanced by removing CO_2 from the air.

[6] Global ambition featured in the COP's outcome the *Chile Madrid Time for Action* (Decision 1/CP.25 and 1/CMA.2).

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S6(b) [redacted]

26. There are signals that others will follow suit, including s 6(a) [redacted]. Some others, like s 6(a) [redacted] do not plan to increase their headline numbers but to enhance their NDCs with additional information to provide a narrative and align NDC implementation with their long-term climate goals. Switzerland has recently submitted their NDC update and indicated that the headline number would not change.

Analysis

Approach to updating New Zealand's NDC in 2020

27. New Zealand's NDC is short and succinct. Its structure has been modelled on how Parties to the Kyoto Protocol communicated their commitments. However, our existing NDC is not well understood. Public commentators often mischaracterise the nature and ambition of our NDC, which is then reported in domestic media coverage.[7]

28. Some Parties to the Paris Agreement have used, or plan to use, their NDCs to describe their approach to climate action, beyond an emissions reduction target. I propose that New Zealand enhance its NDC by providing increased information on our climate action, and its contribution towards limiting global temperature rise to 1.5°C.

29. The proposed update of the NDC was guided by the following principles:

- New Zealand's commitment to limiting global temperature rise to 1.5°C (rather than 2°C);
- The NDC should effectively communicate the challenging nature of New Zealand's contribution to the global effort including through our domestic policies and measures;
- The NDC should be enduring in nature and reflect the fact that domestic policies and actions may change or evolve over time, for example in response to the independent Climate Change Commission's advice, or due to technological advancements;
- The NDC should be clearly communicated to ensure understanding of the technical elements of the NDC and how these enhance ambition, for example the implications of taking an absolute emissions budget approach, rather than a single year target;
- The NDC should not prejudge how New Zealand will meet our NDC, but should continue to keep the option of using international carbon markets open for future governments, as a way to supplement domestic action.

Proposed NDC update

30. I seek Cabinet's agreement to the update of New Zealand's NDC contained in Appendix 1. This update reflects the principles outlined above. It highlights some of New Zealand's domestic developments and international contributions that illustrate the ambition of our climate action, and includes technical information to improve understanding of our NDC.

[7] For example, Climate Action Tracker's report on New Zealand mischaracterises New Zealand's NDC to represent a weaker emissions reduction target than it actually is, by representing it as a 2030 single year target instead of a 2021-2030 budget period.

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31. The key messages that I propose to communicate in the NDC update are summarised below:

- New Zealand is committed to playing its part and taking action on climate change as part of the global effort through the Paris Agreement and in line with the IPCC Special Report on 1.5°C and the Talanoa Dialogue Call to Action.
- New Zealand has enhanced its NDC with information on our domestic context including the Zero Carbon Act framework, and the 2050 targets.
- The 2050 targets will drive New Zealand's transition to a low emissions, climate resilient future and support New Zealanders to make decisions that will reduce emissions and promote climate resilience. Our NDC is our international contribution to climate change and a waypoint on a long-term journey towards our 2050 targets.
- Our domestic mitigation targets address long-lived and short-lived gases appropriately, considering scientific understanding of their different effects. We will take strong action on long-lived gases as these emissions remain in the atmosphere for centuries, increasing in concentration as long as the gases continue to be emitted and largely determine long-term warming.
- New Zealand's national circumstances directly relate to our emissions profile. New Zealand's population and economy are predicted to continue growing. The largest contributors to these emissions are the agriculture (48 per cent) and energy (41 per cent) sectors. New Zealand has a high proportion of renewable electricity generation (80 to 85 per cent).
- Achieving New Zealand's NDC target will be challenging. New Zealand's NDC under the Paris Agreement is to reduce emissions to 30 per cent below 2005 levels by 2030. As the NDC is an absolute emissions reduction target managed using an emissions budget approach, this means New Zealand will be responsible for reducing emissions across the entire NDC period, 2021-2030. This would make us responsible for reducing emissions by 182 million tonnes, which equates to around a quarter of our projected total emissions between now and 2030.[8]
- The 2021-2030 NDC is a waypoint on a journey toward the long-term 2050 target. New Zealand is set to reduce emissions of biogenic methane to 24-47 per cent below 2017 levels by 2050, and net emissions of all other greenhouse gases to zero by 2050. This includes an interim step to reduce biogenic methane emissions to at least 10 per cent below 2017 levels by 2030, as legislated for in the Zero Carbon Act. As a result of the comparatively low level of reduction in biogenic methane emissions, emissions of all other gases will have to reduce significantly more, in order to meet the NDC target. I anticipate that the Climate Change Commission will provide some clarity on how much all other gases will need to reduce by when they advise the Government on the first three emissions budgets in early 2021.
- New Zealand's NDC is a "responsibility target", meaning that the target could be met through a combination of domestic emissions reductions, emissions removals, and access to international carbon markets.
- We are putting in place the policies we need with a comprehensive package of domestic action that cover all parts of our emissions profile. These are supported by legislation and processes to reduce emissions and guide our transition, such as the independent Climate Change Commission, Climate Implications of Policy

[8] Based on projections in New Zealand's 4th Biennial Report, 2019.

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Assessment requirements, and a strengthened New Zealand Emissions Trading Scheme (NZ ETS).

32. New Zealand will continue to use Global Warming Potentials (GWPs) from the IPCC's Fourth Assessment Report (AR4) for accounting for the NDC.

33. The international community is expected to agree to specify which 100-year GWPs from the IPCC's Fifth Assessment Report (AR5) are to be used in greenhouse gas inventory reporting under the Paris Agreement. This will flow through into NDC accounting. This work is scheduled to conclude by the end of 2020, although a final decision may be delayed to 2021. New Zealand is committed to following the reporting and accounting rules that are agreed under the Paris Agreement, and once a decision is made on the application of GWPs, New Zealand will be in a position to bring its reporting and accounting into line.

34. Parties to the Paris Agreement can update their NDCs at any time as long as the ambition doesn't decrease. When rules on AR5 GWPs are agreed internationally, New Zealand can then choose to align with this in accounting for its 2021-2030 NDC for comparability and consistency with other countries, including with inventory reporting for that period. The accounting guidance agreed at COP24 specifies that AR5 must be used for second and subsequent NDCs and that Parties may elect to apply such guidance to their first NDC[9].

35. The move to AR5 GWPs for accounting for the first NDC will change the estimated abatement task in our NDC. Using AR5 GWPs will change emissions in the base year (2005), the 2021-2030 projected emissions budget, and, accordingly, the estimated abatement task.

Including Tokelau in New Zealand's NDC

36. Officials have also consulted the Government of Tokelau, to ensure that Tokelau's climate contribution is appropriately included in New Zealand's 2021-2030 NDC update. This reflects that New Zealand's application of the Paris Agreement was extended to Tokelau in 2017 and that Tokelau is now included in New Zealand's international greenhouse gas reporting.

37. Tokelau has indicated that it wishes to be included in our NDC update. The Ministry of Foreign Affairs and Trade (MFAT) is working with Tokelauan officials to ensure Tokelau is appropriately included. Tokelauan officials have advised that they will provide their submission on 17 March 2020. Therefore, I propose that Cabinet delegate authority to the Ministers of Climate Change and Foreign Affairs to approve Tokelauan content.

Timing considerations

38. S9(2)(h) [redacted]

39. I may need to exercise some flexibility over the timing in order to include Tokelau's climate contribution and to coordinate with the timing of countries which are taking a similar approach to New Zealand.

Revisiting the NDC's ambition in future

[9] Through Katowice Decision 4/CMA.1 UNFCCC Parties agreed specific and detailed guidance on the information to be provided in NDCs and strongly encouraged Parties to provide this information in relation to their first NDCs, including those communicated or updated by 2020. The decision didn't specify however which AR5 GWP was recommended for countries to use, and this decision is still to be made by the international community.

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40. Under the Paris Agreement, Parties are required to communicate an NDC every five years. All Parties to the Paris Agreement, under article 4(11), are able to review and resubmit their NDC at any stage and NDCs are expected to be progressive (i.e. represent an increase in ambition over time).

41. Any decision on changing the NDC should take into account the Climate Change Commission's advice on emissions budgets, and this was not possible for this first NDC update.

42. I have requested the Climate Change Commission provide advice and recommendations to the Government on whether the NDC should change to bring it in line with the global 1.5°C temperature goal and, if so, how. It may be appropriate for the NDC target to be revisited following the Commission's advice.

43. New Zealand's second NDC is due to be submitted in 2025, to cover the period 2031-2035. Our second NDC will be informed by the Commission's advice.

Consultation

44. This paper was prepared by the Ministry for the Environment, with input from the Ministry of Foreign Affairs and Trade.

45. The Treasury, the Ministry for Primary Industries, Te Arawhiti, the Department of the Prime Minister and Cabinet and the Ministry of Business, Innovation and Employment were consulted in its preparation. Te Puni Kōkiri have been informed. Where feedback was received it is reflected in this paper.

46. Officials are investigating whether to adopt a land-based (similar to reporting of all land-uses in the Land-Use, Land-Use Change and Forestry sector) or an activity-based approach (similar to accounting under the Kyoto Protocol) to accounting under the Paris Agreement. The decision on the approach taken will be part of He Waka Eke Noa's investigation into the recognition of on-farm sequestration. Officials will provide an initial assessment within the report back to Cabinet in April 2020 on potential options for domestic incentives. Ministers will report back in 2022 on how and what type of removals could be recognised, as part of developing a farm level pricing scheme. Extending coverage to account for non-forest vegetation also aligns with the Paris Agreement principles of increased inclusion of emissions and the approaches taken within most other developed countries' NDCs.

47. In 2015, the Government went through a comprehensive process to formulate the NDC. This included stakeholder and Māori consultation, economic modelling of the impact of the NDC on our economy and households, and the cost of our effort. There was also consideration of factors such as national circumstances, historical responsibility for climate change, carbon dioxide emissions per capita versus all-greenhouse gas emissions per capita, and national GDP.

48. In 2018, the Government released the *Our Climate Your Say: Consultation on the Zero Carbon Bill* which received more than 15,000 submissions on New Zealand's 2050 target and the Zero Carbon Bill. In 2019, the Environment Select Committee had nearly 11,000 written and oral submissions on the Zero Carbon Bill. The Committee heard from parents, students, scientists, farmers, academics, health professionals, activists, iwi, local government and businesses.

49. I believe that I have consulted extensively on the framework for delivering New Zealand's climate action out to 2050, which culminated in the Zero Carbon Act's near unanimous adoption late last year. I view the NDC as a component of this wider climate policy framework, and a waypoint on our transition to a low emissions, climate resilient Aotearoa. My proposal is therefore to enhance the NDC with information reflecting the

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matters covered by the Zero Carbon Bill consultation without undertaking further comprehensive consultation.

50. However, I recognise that there are stakeholders with a strong interest in New Zealand's climate ambition, including the NDC, and this is also an issue highly relevant to Māori. I have directed officials to undertake targeted discussions and meetings after Cabinet's decision on the NDC update, to explain our approach to enhancing our NDC and share the narrative outlined above with key stakeholders and iwi/Māori. Independently, the Climate Change Commission will be engaging with public, iwi/hapū/Māori, industry, technical experts, special interest groups, sector lead groups and other interested parties on the NDC later in 2020.

51. s 9(2)(h) [redacted]

Financial implications

52. There are no financial implications from the proposals in this paper.

Legislative implications

53. There are no legislative implications from this paper.

Regulatory impact analysis

54. The RIA requirements do not apply as there are no regulatory implications from this paper.

Climate implications of policy assessment

55. The Ministry for the Environment confirms that the CIPA requirements do not apply to this proposal.

Gender implications

56. There are no gender implications arising from this paper.

Disability perspective

57. There are no disability implications arising from this paper.

Treaty of Waitangi

58. I understand the issue of climate change and its effects is highly relevant to Māori. In our domestic setting this is being addressed, *inter alia*, through the Zero Carbon Act and the development of New Zealand's first climate change risk assessment. Climate change and its effects will have an impact on all New Zealanders, however, in relation to Article II interests, Māori will likely be impacted in the exercise of their customs and culture in relation to the local environment.

59. MfE is working with Māori to co-design a process that seeks to ensure climate-related policy, and mitigation and adaptation strategies, and adequately support climate resilience and the particular needs of Māori in local communities throughout Aotearoa

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New Zealand. An Interim Establishment Committee is now being formed to engage widely and inclusively with iwi/Māori on the proposed process, and to oversee its establishment phase.

Publicity

60. As earlier noted, there is a high likelihood that New Zealand's NDC update will be criticised by commentators in New Zealand and overseas, as it does not raise the headline level of our emissions reduction target for 2030. Equally, this is a risk shared by some other developed countries which plan a similar approach.

61. I have directed officials to design a communications and engagement plan to guide engagement with iwi/Māori and targeted stakeholders to enhance public understanding of the 2021-2030 NDC. Furthermore, the narrative accompanying the NDC update as detailed in appendix 2, and the information to facilitate clarity, transparency, and understanding of NZ's NDC as detailed in appendix 3, will help minimise the risks of misinterpretation.

62. The communications and engagement plan will describe the nature and scale of our NDC, outline why the NDC is challenging, emphasise that New Zealand is one of the first to update its NDC, and highlight New Zealand's ambitious domestic action.

63. To further communicate our strong commitment to addressing climate change, the Climate Change Commission will provide independent advice to the Government on whether the NDC is compatible with the global 1.5°C temperature goal. If advice concludes that it is not compatible, the Commission will provide the Government with recommendations to align the NDC with the global temperature goal. There may be another update of the NDC after that stage, in 2021.

64. There will be a chance for the public to have their say on the NDC in late 2020, as part of the Commission's work.

Proactive Release

65. I propose to proactively release this paper on the Ministry for the Environment's website in whole, subject to redactions as appropriate equivalent to those under the Official Information Act 1982, once public announcements have been made.

Released under the provision of the Official Information Act 1982

Recommendations

The Minister for Climate Change recommends that the Committee:

1. **Note** the need for enhanced global action on climate change to limit warming to no more than 1.5°C above pre-industrial levels;
2. **Note** that New Zealand's NDC is to reduce emissions to 30 per cent below 2005 levels by 2030, managed using an emissions budget approach across the period 2021-2030;
3. **Note** that New Zealand is has committed to provide an updated NDC to the UNFCCC Secretariat by March 2020;
4. **Note** that the updated NDC in Appendix 1 enhances New Zealand's NDC with a narrative highlighting our 2050 target and other domestic action, as well as further technical information to enhance clarity, transparency and understanding of our NDC, and that it does not change the headline number of New Zealand's NDC nor will it confer additional obligations on New Zealand;
5. **Agree** to submit an update to New Zealand's 2021-2030 NDC as contained in Appendix 1 to the Secretariat of the United Nations Framework Convention on Climate Change;
6. **Note** that in 2017 New Zealand's application of the Paris Agreement was extended to include Tokelau and that Tokelau has indicated they would like to include their climate contribution as part of New Zealand's NDC update, but that their contribution requires more time to collate;
7. **Authorise** the Ministers of Climate Change and Foreign Affairs to approve the Tokelauan content once available for inclusion in New Zealand's update;
8. **Note** that the Minister for Climate Change has requested the Climate Change Commission to provide advice and recommendations to the Government on whether the NDC should change to bring it in line with the global 1.5°C temperature goal and, if so, how;
9. **Request** the Minister for Climate Change to return to Cabinet in early 2021 following receipt of the Climate Change Commission's advice on the NDC;
10. **Note** that officials will discuss the NDC with key stakeholders and iwi/Māori, following Cabinet's decision on the NDC update.

Authorised for lodgement.

Hon James Shaw
Minister for Climate Change

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Appendix 1: New Zealand's enhanced 2021-2030 NDC

NEW ZEALAND

Submission under the Paris Agreement
New Zealand's first Nationally Determined Contribution
DD MM 2020

New Zealand hereby communicates its Nationally Determined Contribution (NDC) under the Paris Agreement for the period 2021 to 2030.

New Zealand commits to reduce greenhouse gas emissions to 30 per cent below 2005 levels by 2030, managed using a multi-year emissions budget.

New Zealand's NDC is enhanced with contextual information about New Zealand's long-term domestic climate change action aiming to limit global temperature increases to no more than 1.5°C above pre-industrial levels (rather than 2°C).

Further enhancement is provided with information to facilitate clarity, transparency and understanding of New Zealand's NDC (decision 4/CMA.1 refers).

New Zealand intends to communicate its adaptation efforts under the Paris Agreement in alternative documents to the NDC (decision 9/CMA.1 refers).

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Time period	2021 to 2030
Type of commitment	Absolute reduction target managed using a carbon budget.
Target reference year	2005
Reduction level	Emissions will be reduced to 30 per cent below 2005 levels by 2030.
Scope and coverage	This responsibility target is economy-wide covering all sectors: • Energy • Industrial processes and product use • Agriculture • Forestry and other land use • Waste and all greenhouse gases: • CO_2 • HFCs • N_2O • CH_4 • PFCs • NF_3 • SF_6
Methodological approaches for estimating anthropogenic greenhouse gas emissions and removals	This NDC applies 100 year Global Warming Potentials (GWPs) from the IPCC 4th assessment report, and methodologies from the IPCC 2006 greenhouse gas inventory guidelines and the 2013 IPCC KP Supplement.

Use of market mechanisms and cooperative approaches

In meeting its target New Zealand intends to use international market mechanisms, cooperative approaches and carbon markets that enable trading and use of a wide variety of units/emission reductions/mitigation outcomes that meet reasonable standards and guidelines to:

- ensure the environmental integrity of emissions reductions generated or purchased
- guard against double-claiming/double-counting, and
- ensure transparency in accounting and governance.

Approach to accounting for forestry and other land use

New Zealand's preferred approach for accounting for forestry and other land use sector is described below (as per its INDC). This approach sets out core assumptions and is provided in advance of discussions on an international rule-set that would apply after 2030, and that could also apply to New Zealand's first NDC. We reserve the right to adjust our selection of methodologies, without reducing ambition. New Zealand's approach to forestry and other land use accounting will be fully described in its first communication under the Paris Agreement.[10]

Methodologies	New Zealand's assumed accounting for the forestry and other land use sector will be based on a combination of the 2006 IPCC Guidance and the 2013 IPCC Kyoto Protocol Supplement, providing for Kyoto Protocol accounting approaches to be applied to the greenhouse gas inventory land-based categories. New Zealand's existing activity start year of 1990 will continue to apply, ensuring continuity of action with previous commitments.

[10] The first communication being the submission of the first biennial transparency report (BTR1) and national inventory report, as required under the Paris Agreement, at latest by 31 December 2024.

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	New Zealand's forestry and other land use approach assumes accounting will be either land or activity based, and will apply existing IPCC methodologies to distinguish areas subject to direct human-induced change from those under pre-existing management, as follows: a. Forests established from the activity start year will continue to be accounted for as they would under the Kyoto Protocol, but once they attain their long-term average carbon stock, taking into account all carbon pools and activities, the forest will transfer to the Forest management/Forest remaining forest category, where it will be accounted for under a business-as-usual reference level. New Zealand will continue to account for all deforestation emissions. b. Forests established before the activity start year will continue to be accounted for under a business-as-usual reference level, as per the Kyoto Protocol, to address the dynamic effects of age structure resulting from activities and practices before the reference year, and the ongoing cycles of forest harvest and regrowth that occur as part of normal, sustainable forest management. c. Accounting provisions to address natural disturbance, land-use flexibility, legacy effects, non-anthropogenic effects and additionality since the activity start year will also continue to apply, building on existing guidance. Harvested wood products accounting will be based on the production approach. New Zealand's forestry and other land use approach builds on experience with accounting under the Kyoto Protocol to recognise and focus on additional action, and will create incentives for the establishment of new forests, recognise permanent, long-term enhancements of carbon sinks resulting from new management, and take responsibility for deforestation, while accommodating the long-term cycles in net emissions and removals that arise from sustainable forest management.

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Appendix 2: Contextual information accompanying New Zealand's NDC

New Zealand is committed to taking decisive action on climate change, with our first NDC constituting our international contribution to reduce emissions in the near-term. Our NDC target is a multi-year emissions budget to reduce emissions to 30 per cent below 2005 levels by 2030. We will account for all emissions in the years between 2021 and 2030, not only in the target year (2030). It is the total amount emitted altogether that matters most for addressing climate change. With gross emissions under current settings estimated to be 783 million tonnes of carbon dioxide-equivalent over the NDC period, we are likely to have an emissions budget of 601 million tonnes. This would make us responsible for reducing emissions by 182 million tonnes, which equates to around a quarter of our projected total emissions between now and 2030.

Our 2021-2030 NDC is the third emissions reduction target New Zealand has taken internationally. We previously set and met our target for 2008-2012 under the Kyoto Protocol, and are on track to meet our target for 2013-2020 under the United Nations Framework Convention on Climate Change.[11] Each of New Zealand's international targets have exceeded the last, and our first NDC target again represents progression beyond our 2013-2020 target.

New Zealand plans to achieve our 2021-2030 NDC target, by prioritising domestic emissions reductions across all sectors and greenhouse gases and increasing carbon dioxide removals through forestry. We may supplement our efforts by using international carbon markets with environmental integrity. Cooperating with other countries will enable us to contribute to greater global emissions reductions.

New Zealand's national circumstances include trends of continuing growth of our population and economy, S9(2)(g)(i) The largest contributors to these emissions are our agriculture (48 per cent) and energy (41 per cent) sectors. Given our existing high proportion of renewable electricity generation (80 to 85 per cent), this means New Zealand has a challenging task ahead. We are mindful, however, that a successful transition to a low emissions, climate-resilient future will require us to overcome these challenges and to capitalise on the opportunities instead.

New Zealand is focused on the Paris Agreement goal of pursuing efforts to limit global temperature increase to 1.5°C above pre-industrial levels. The benefits of staying within 1.5°C, and making far-reaching and rapid transformations, are clearly outlined in the Intergovernmental Panel on Climate Change *Special Report on Global Warming of 1.5°Celsius* and reiterated in the Talanoa *Call to Action*. New Zealand has taken on board these findings in the development of its domestic policy planning; we are placing the objective of 1.5°C at the heart of our response.

Our Climate Change Response (Zero Carbon) Amendment Act 2019 legislates a 2050 emissions reduction target consistent with the 1.5°C threshold, and our 2030 NDC is a waypoint on a journey toward this long-term goal. In keeping with the science, New Zealand is emphasising reductions in the long-lived gases that largely determine long-term warming of the climate. Our 2050 target is therefore set to reduce: emissions of biogenic methane to 24-47 per cent below 2017 levels by 2050, and net emissions of all other greenhouse gases to zero by 2050. It also includes an interim step to reduce biogenic methane emissions to at least 10 per cent below 2017 levels by 2030. As a result of the

[11] New Zealand's 2008-2012 target was to reduce emissions to 1990 levels on average over the Kyoto Protocol First Commitment Period; New Zealand's 2013-2020 target is to reduce emissions by 5 per cent below 1990 levels by 2020.

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comparatively low level of reduction in biogenic methane emissions, emissions of all other gases will have to reduce significantly more, in order to meet the NDC target.

Our 2050 target sits within a broader framework that will enable New Zealand to develop and implement clear and stable climate change policies over time. In addition to the 2050 target, the Zero Carbon Act framework: establishes a system of successive emissions budgets and plans to act as stepping stones toward our 2050 target; establishes a Climate Change Commission to provide independent advice to the Government and monitor our progress toward long-term climate goals; and institutes adaptation measures. The framework aligns New Zealand's transition to the objectives of the Paris Agreement, including balancing emissions and removals in the second half of the century, and supports our commitments to the Carbon Neutrality Coalition. The framework also provides opportunities to reflect on our ambition, with our Climate Change Commission able to advise on any necessary enhancements.

In addition to this overarching framework, New Zealand has put in place a suite of domestic policies to achieve our climate change targets that cover all sources of our emissions. These policies are designed to reduce emissions in an enduring and comprehensive way, although may need adjusting over time as new technologies become available, our national circumstances evolve, other policies are developed, and we receive expert advice from our Climate Change Commission. Some of our key policies at this time include, among many others:

- strengthening our primary tool to reduce emissions, the New Zealand Emissions Trading Scheme, to align its purpose with our Zero Carbon Act framework and the Paris Agreement, and limiting global warming to 1.5°C.
- pricing our agricultural emissions from 2025 onwards.
- requiring government agencies to disclose the greenhouse gas emissions impacts of new policies through Climate Implications of Policy Assessments.
- increasing afforestation, as a Nature Based Solution, by improving the NZ ETS afforestation incentive, and encouraging planting the right trees in the right place for the right purpose through the One Billion Trees (by 2028) programme.
- accelerating investment in low emissions solutions through Green Investment Finance Limited and developing a mandatory regime for the disclosure of climate-related financial risks and opportunities.

Beyond our 2021-2030 NDC target, we will continue working with other countries to galvanise and facilitate greater ambition through collaborative initiatives. This includes advocating for ambitious and effective disciplines on inefficient fossil fuel subsidies, employing trade policies, practices and rules to achieve the goals of the Paris Agreement (such as the Agreement on Climate Change, Trade and Sustainability), and committing resources to undertake research and develop technologies for growing more food without growing greenhouse gas emissions (such as the Global Research Alliance on Agricultural Greenhouse Gases).

New Zealand extended its ratification of the UNFCCC and the Paris Agreement to include Tokelau as of 13 November 2017, and **we welcome Tokelau's contribution to addressing climate change.** Tokelau is particularly vulnerable to climate change, and as a small set of atolls, committed to tackling climate change. Tokelau was included in New Zealand's greenhouse gas reporting in 2017, setting a positive example of transparency of its emissions and commitments. Tokelau's contribution represents further action still.

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Appendix 3: Information to facilitate clarity, transparency and understanding of New Zealand's NDC

Quantifiable Information on the reference point and a base year	
Sub-element:	Information:
Reference year(s), base year(s), reference period(s) or other starting point(s):	Base year: 2005
Quantifiable information on the reference indicators, their values in the reference year(s), base year(s), reference period(s) or other starting point(s), and, as applicable, in the target year:	Total emissions in base year (2005): provisional estimate 83.270 (Mt CO2-e)[12]
Information on sources of data used in quantifying the reference point(s):	Base year emissions will be taken from the most recently reviewed national inventory report at the time that New Zealand submits its first biennial transparency report under the Paris Agreement. GWP 100 from the IPCC 4th Assessment Report
Information on the circumstances under which the Party may update the values of the reference indicators:	The most up to date estimate of base year emissions will be used when New Zealand submits its first biennial transparency report under the Paris Agreement. Until then the base year emissions estimate remains provisional
Timeframes and/or periods for implementation	
Sub-element:	Information:
Time frame and/or period for implementation, including start and end date:	Period covered by NDC: 2021 to 2030.
Whether it is a single-year or multi-year target:	Multi-year target, managed using an emissions budget approach to account for emissions in all the years for the period 2021 to 2030. Projected total emissions for the period 2021-2030: 783 Mt CO_2-e Expected emissions budget for the period 2021-2030: 601 Mt CO_2-e Estimated abatement or sequestration needed (i.e. the difference between total emissions and the emissions budget for the period 2021 to 2030): 182 Mt CO_2-e *Note: figures are based on New Zealand's Greenhouse Gas Inventory, published in April 2019, these are provisional until confirmed during the NDC period, and the emissions projections contained in New Zealand's Fourth Biennial Report, published in December 2019.
Scope and coverage	

[12] IPCC 4th Assessment Report

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Sub-element:	Information:
General description of the target	The 2021-2030 NDC target is a responsibility target.
Sectors, gases, categories and pools covered by the nationally determined contribution, including, as applicable, consistent with Intergovernmental Panel on Climate Change (IPCC) guidelines:	The 2021-2030 NDC target is economy-wide covering all sectors: energy, industrial processes and product use, agriculture, land use, land-use change and forestry, waste, and all greenhouse gases: CO_2, CH_4, SF_6, HFCs, PFCs, N_20, NF_3.
Element: Planning processes	
Sub-element	Information:
Information on the planning processes that the Party undertook to prepare its nationally determined contribution:	In preparing its 2021-2030 Intended Nationally Determined Contribution (INDC), the New Zealand Government undertook a comprehensive process that included: carrying out analysis about how options for New Zealand's contribution would compare to global efforts to reduce emissions, taking into account factors such as the cost of effort, national circumstances, historical responsibility for climate change, and national GDP; modelling the impact of different NDC target options on New Zealand's economy and households. This work is published on the Ministry for the Environment's website (*A general equilibrium analysis of options for New Zealand's post-2020 climate change contribution*, and *Modelling the economic impact of New Zealand's post-2020 climate change contribution*); and, conducting public consultation through publication of a discussion document available on the Ministry for the Environment's website (*New Zealand's Climate Change target*), public meetings, hui (meetings), and inviting the public to make submissions on target options and the NDC. New Zealand ratified the Paris Agreement in October 2016, and submitted a 2021-2030 NDC. The submitted NDC underwent a substantial public consultation process, with 15 public meetings and hui held. Additionally, 17,023 written submissions were received from 15,639 submitters. This NDC built on, and reflected a streamlined version of, our initial INDC. This submission process made the NDC accessible to the public. However, the NDC was misinterpreted on occasion. This update of the 2021-2030 NDC therefore enhances the information provided in an effort to improve understanding. The 2021-2030 NDC is one part of New Zealand's wider policy response to climate change. New Zealand's Climate Change Response (Zero Carbon) Amendment Act (passed into law in late 2019) provides a framework to transition New Zealand to a low-emissions, climate-resilient economy. The Government received over 15,000 submissions on the proposals for this Act, and 10,000 submissions as the legislation was being shaped. The Zero Carbon Act set up the Climate Change Commission, an expert-group that provides independent advice to the

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	Government. The Zero Carbon Act provides for the Climate Change Commission to review New Zealand's 2050 emissions reduction target, and when directed, the ability to consider the ambition of our NDCs. The Climate Change Commission was established on the 1st December 2019.
Party's implementation plans, including, as appropriate, domestic institutional arrangements:	New Zealand has implemented, or is planning, a number of policies and institutional arrangements (including legislation and regulations thereunder) to meet its domestic and international climate goals, including its NDC: The Zero Carbon Act provides an enduring framework by which New Zealand can develop and implement clear and stable climate change policies. It achieves this purpose by enshrining in legislation four elements: 1. An emissions reduction target for 2050[13], consistent with the 1.5°C goal. 2. A system of emissions budgets and emission reduction plans to act as stepping stones to the 2050 target and provide a framework for planning. 3. A Climate Change Commission to provide independent advice and monitor progress. 4. Adaptation measures to assess and address the risks from a changing climate. The Climate Change Response (Emissions Trading Reform) Amendment Bill has been introduced to reform the New Zealand Emissions Trading Scheme as our primary policy tool to reduce emissions and ensure our commitments under the Paris Agreement are met. A new framework, the Climate Implications of Policy Assessment, was established in 2019 to enable central government agencies to undertake and report a greenhouse gas emissions analysis for all new policy proposals that meet certain qualifying criteria. This allows New Zealand to measure, monitor and report on government interventions that will impact New Zealand's greenhouse gas emissions. The Government is committed to ensuring a just transition towards a low-emissions and climate resilient economy. Further, New Zealand has a package of domestic policies, including sustainable finance New Zealand provides leadership in research, innovation and technical solutions to reduce emissions from agriculture. An example of this is the New Zealand Agricultural Greenhouse Gas Research Centre. The

[13] The emissions reduction target for 2050 is net zero global greenhouse gas (GHG) emissions by 2050, excluding biogenic methane, and a 24-47 per cent reduction of biogenic methane by 2050 compared to 2017 levels.

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	purpose of the Centre is to deliver knowledge, technologies and practices to enable New Zealand to enhance agricultural productivity in an emissions constrained world. In 2016, New Zealand adopted the Kigali Amendment to the Montreal Protocol on Substances that Deplete the Ozone Layer. New Zealand has completed the domestic processes required to meet the Amendment's obligations, which entered into force on 1 January 2020. As technologies become available and national circumstances evolve, New Zealand may realign the aforementioned policies and/or introduce new policies to reduce emissions. Further information about these policies and institutional arrangements is available online, noting the New Zealand Ministry for the Environment, Ministry of Foreign Affairs and Trade, and Ministry for Primary Industries' websites in particular. Details are also included, or anticipated for inclusion, in New Zealand's National Communications and Biennial Reports under the UNFCCC, and future Biennial Transparency Reports under the Paris Agreement.
Party's implementation plans, including public participation and engagement with local communities and indigenous peoples, in a gender-responsive manner:	New Zealand is founded on a partnership between the Crown and indigenous New Zealanders, Māori, through the Treaty of Waitangi. Te Puni Kōkiri is the Ministry for Māori Development. It advises on policy affecting Māori wellbeing and development. Further, Te Arawhiti is the Ministry of Māori-Crown relations and provides guidance and support relationships with Māori. The passing of the Zero Carbon Act, and the statutory provisions set up around the emissions reduction plans, resulted in requirements to develop strategies to recognise and mitigate impacts on Māori. This programme can only be achieved through engagement with Māori. • The Ministry for the Environment is working with Māori to establish an engagement process (Ihirangi) to ensure that Māori perspectives are included in policy development, as well as recognising the impacts that specifically affect Māori (i.e. co-design approach). The establishment of this process (involving a core Māori group and regional linkages) aligns with the intent of the Government's Engagement Framework and Partnership Guidelines. o A number of ways exist to engage with Māori on their perspectives of the risks and opportunities presented by climate change and specific policies in response. More recently, the Government has developed the Māori-Crown Engagement Framework and Partnership Guidelines to ensure Māori have full involvement in all phases of policy design,

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	implementation, and evaluation to support agencies to develop true partnerships with Māori. • Māori-focused research aligned with integrated farm systems, which seeks to assist the Māori pastoral sector to increase resource efficiency and farm productivity while lowering greenhouse gas emissions. The New Zealand Government will undertake targeted engagement with stakeholders, including iwi/Māori, on the updated NDC
Contextual matters, including, inter alia, as appropriate, national circumstances, such as geography, climate, economy, sustainable development and poverty eradication:	New Zealand became a Party to the Paris Agreement because we are committed to contributing to collective global action on climate change. We need all countries to contribute, and need to be able to hold all countries to account. We actively support the Paris Agreement not only to help protect New Zealand's economic, social, cultural and environmental interests, but also to encourage others to take action on climate change. New Zealand is a long, narrow and mountainous country with two main islands, and a number of smaller outlying islands. New Zealand is expected to see a 50 per cent growth in population between 1990 and 2030. This growth is significant, with relatively low population density. We have an open, trade-reliant economy founded in the agricultural and land sectors. New Zealand is, however, geographically distant from international markets and trading partners, being located in the South Pacific. New Zealand has an export-dependent economy, with a significant reliance on the agriculture sector. Some 85 per cent of New Zealand's total food production goes to the international market. New Zealand's geography and population distribution have contributed to a dependence on fossil fuel-powered transport. Because of this, and New Zealand's primary sector exports base, emissions are dominated by the agriculture and energy sectors, which together comprise approximately 88 per cent of gross emissions. New Zealand has seen strong economic growth since 1990. New Zealand has high levels of renewable energy use and a long history of renewable energy development. Approximately 80 per cent New Zealand's electricity generation uses renewable resources – primarily hydro-generation. Continued development of geothermal and wind generation has seen the amount of electricity generated from these sources more than triple over the last two decades. Considering the high levels of existing renewable electricity generation, there is less gross emissions reduction potential from the energy sector than in other jurisdictions. This presents a challenge to abatement options. Despite this, New Zealand is looking to

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	make further gains in this area. The Government has an aspirational goal of 100 per cent renewable electricity by 2035, with five-yearly assessments to ensure that security of supply and affordability of electricity are well-maintained. [The Government is also currently consulting on policy options to encourage energy efficiency and the uptake of renewable fuels in industry, and on accelerating renewable electricity generation and infrastructure.] New Zealand is in the process of decoupling emissions from economic growth, although emissions continue to grow off the back of strong economic and population growth. The policies and measures we are putting in place now will make an impact towards reducing our emissions over the period 2021 to 2030 (as projected in New Zealand's Fourth Biennial Report).
Contextual matters, including, inter alia, as appropriate, other contextual aspirations and priorities acknowledged when joining the Paris Agreement:	New Zealand became a Party to the Paris Agreement because doing so would contribute to collective global action on climate change, help protect New Zealand's economic, social, cultural and environmental interests, encourage others to take action on climate change, and maintain our positive international reputation and our ability to influence international climate change processes. New Zealand is committed to an effective international system that addresses climate change, has environmental and scientific integrity, is multilateral and rules-based (i.e. we need all countries to contribute, and need to be able to hold all countries to account). By participating we want to ensure that the Agreement will be practical and based on continuous improvement, also that it recognises and protects the rights and interests of indigenous peoples. Through these we encourage and support action in areas where we are well positioned to accelerate the collective effort.
Element: Assumptions and methodological approaches, including those for estimating and accounting for anthropogenic greenhouse gas emissions and, as appropriate, removals	
Sub-element:	Information:
Assumptions and methodological approaches used for accounting for anthropogenic greenhouse gas emissions and removals corresponding to the Party's NDC, consistent with decision 1/CP.21, paragraph 31, and accounting guidance adopted by the CMA:	The NDC applies 100 year Global Warming Potentials (GWPs) from the IPCC 4th Assessment Report, and methodologies from the IPCC 2006 Greenhouse Gas Inventory Guidelines and the 2013 IPCC Kyoto Protocol Supplement. New Zealand's accounting for Land use, land-use change and forestry (LULUCF) will be based on a combination of the 2006 IPCC Guidelines and the 2013 IPCC Kyoto Protocol Supplement, and is detailed below. It will be done in accordance with methodologies and common metrics assessed by the IPCC and in accordance with decision 18/CMA.1. Any information on own methodology used, will be consistent with Article 4, paragraph 6, of the Paris Agreement.

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	Forests established after the base year (1990) will be accounted for up until they reach their long-term average carbon stock. After this point is reached, the forest will be accounted for under a business-as-usual reference level (e.g. similar to Forest management under the Kyoto Protocol). The approach will take into account all carbon pools (e.g. alive and dead biomass, harvested wood products (HWP) and soil). New Zealand will continue to account for all deforestation emissions, as per the Kyoto Protocol. Forests established before the base year will continue to be accounted for under a business-as-usual reference level, as per the Kyoto Protocol. This approach is used to address the dynamic effects of age structure resulting from historical activities and practices, and the ongoing cycles of forest harvest and regrowth that occur as part of normal, sustainable forest management. Accounting provisions to address natural disturbance, land-use flexibility, legacy effects, non-anthropogenic effects and additionality since the base year will also continue to apply, building on existing guidance. HWP accounting will be based on the production approach. New Zealand's approach recognises that accounting methodologies need to focus on anthropogenic effects and create incentives for mitigation that promote sustainable land management. New Zealand shows consistency with greenhouse gas inventories, pursuant to Article 13, paragraph 7(a), of the Paris Agreement.
Assumptions and methodological approaches used for accounting for the implementation of policies and measures or strategies in the NDC;	Assumptions and methodological approaches include: population and GDP assumed to increase over time and effective carbon price assumption. Currently implemented and adopted policies and measures: the difference between with measures (WEM) and without measures (WOM) scenarios. Additional policies and measures effect: the difference between WEM and with additional measures (WAM) scenarios emissions and removals.
If applicable, information on how the Party will take into account existing methods and guidance under the Convention to account for anthropogenic emissions and removals, in accordance with Article 4, paragraph 14, of the Paris Agreement, as appropriate (i.e.	New Zealand's national system is designed specifically for the avoidance of double counting. We have developed a national monitoring system for land use, land-use change and forestry that utilises wall-to-wall mapping and periodic forest monitoring. The wall-to-wall mapping approach ensures emissions and removals from land-use and forests are identified and counted only once. There is regular information sharing between the national system and the NZ ETS to ensure all forests are identified and correctly

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how we promote environmental integrity, TACCC, and ensure avoidance of double counting):	classified. New Zealand has a national Emissions Trading Register which manages the accounting, reporting and reconciliation of emissions and unit holdings and transactions as part of the NZ ETS. Further, New Zealand has a voluntary emissions offsetting work programme that provides guidance on how to avoid double counting when organisations use NZ ETS units for voluntary emissions offsetting. Environmental integrity is ensured in the greenhouse gas inventory, forestry and in the NZ ETS. Internal quality assurance processes ensure environmental integrity in the inventory. The quality assurance and quality control plans are reviewed annually. The quality assurance and quality control processes have a significant role in the preparation of the inventory to ensure the core principles of transparency, accuracy, completeness, comparability and consistency (TACCC) are achieved. More information can be found in New Zealand's Seventh National Communication. New Zealand's commitment to integrity is also evident in international negotiations, where New Zealand is a leader in discussions regarding the avoidance of double counting in international markets.
IPCC methodologies and metrics used for estimating anthropogenic greenhouse gas emissions and removals:	See assumptions and methodological approaches used for accounting for anthropogenic greenhouse gas emissions and removals, above.
Sector-, category- or activity-specific assumptions, methodologies and approaches consistent with IPCC guidance, as appropriate, including, as applicable: (i) Approach to addressing emissions and subsequent removals from natural disturbances on managed lands; (ii) Approach used to account for emissions and removals from harvested wood products; (iii) Approach used to address the effects of age-class structure in forests:	New Zealand's assumed accounting for LULUCF sector will be based on a combination of the 2006 IPCC Guidelines and the 2013 IPCC Kyoto Protocol Supplement, providing for Kyoto Protocol accounting approaches to be applied to the greenhouse gas inventory land-based categories. New Zealand's existing activity start year of 1990 will continue to apply, ensuring continuity of action with previous commitments. New Zealand's LULUCF approach assumes accounting will be either land or activity based, and will apply existing IPCC methodologies to distinguish areas subject to direct human-induced change from those under pre-existing management, as follows: a. Forests established from the activity start year will continue to be accounted for as they would under the Kyoto Protocol, but once they attain their long-term average carbon stock, taking into account all carbon pools and activities, the forest will transfer to the 'forest management/forest remaining' forest category, where it will be accounted for under a business-as-usual reference level. New Zealand will continue to account for all deforestation emissions. b. Forests established before the activity start year will continue to be accounted for under a business-as-usual reference level, as per the Kyoto Protocol, to address the

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	dynamic effects of age structure resulting from activities and practices before the reference year, and the ongoing cycles of forest harvest and regrowth that occur as part of normal, sustainable forest management. c. Accounting provisions to address natural disturbance, land-use flexibility, legacy effects, non-anthropogenic effects and additionality since the activity start year will also continue to apply, building on existing guidance. HWP accounting will be based on the production approach. New Zealand's LULUCF use approach builds on experience with accounting under the Kyoto Protocol to recognise and focus on additional action. This approach will create incentives for the establishment of new forests, recognise permanent, long-term enhancements of carbon sinks resulting from new management, and take responsibility for deforestation, while accommodating the long-term cycles in net emissions and removals that arise from sustainable forest management.
The intention to use voluntary cooperation under Article 6 of the Paris Agreement, if applicable:	In meeting its 2021-2030 NDC, New Zealand intends to use international market mechanisms, cooperative approaches and carbon markets that have environmental integrity, including through guarding against double-claiming and/or double-counting, by ensuring transparency in accounting and governance, and by ensuring environmental integrity of emissions reductions generated or purchased.
Element: How the Party considers that its NDC is fair and ambitious in the light of its national circumstances	
Sub-element:	Information:
How the Party considers that its NDC contribution is fair and ambitious in the light of its national circumstances:	New Zealand is responsible for low levels of emissions now and historically (0.17 per cent of global gross emissions in 2017). Countries which each individually contribute one per cent or less of global emissions account for nearly a quarter of total emissions. Therefore, New Zealand's efforts matter. The likely cost to the New Zealand economy of meeting this NDC budget in terms of GDP is high relative to many other parties. This is due to a number of factors, such as the existing high level of renewable electricity generation (80-85 per cent), and the make-up of our emissions profile, where almost half of our total emissions originate from agriculture. New Zealand's 2050 target places an emphasis on long-lived gases. The target is to reduce global greenhouse gas (GHG) emissions to net zero by 2050 (excluding biogenic methane for which the target is 24-47 per cent below 2017 levels). The outcome we seek for the 'form' or 'type' of contribution we deliver is an NDC that provides a fair, comparable and transparent representation of New Zealand's effort on climate change.

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	Different forms of contribution will better facilitate the accurate measurement of reductions to track progress towards a country's global goal than others, or more clearly (or fairly) represent a country's "effort" (depending on their national circumstance).
Fairness considerations, including reflecting on equity:	A basket of indicators can give an idea of countries' efforts, and New Zealand looked at factors such as: national circumstances, including evolving circumstances such as population growth rates, the size of the forestry sector, the size of the agriculture sector, and access to natural resources; cost of effort (sharing), including to the economy; resource sharing, such as sharing greenhouse gas emissions, including carbon dioxide versus methane per capita; historical responsibility for climate change; income and capacity, such as the ability to afford to mitigate more emissions than others; abatement required to meet NDC headline target, and the gap between the business-as-usual emissions curve and emissions curve needed to meet the NDC target.
How the Party addressed Article 4, paragraph 3, of the Paris Agreement (i.e. how NDC target represents progression and highest possible ambition):	New Zealand's NDC target represents a progression beyond New Zealand's current 2020 target in terms of headline number, cost and emissions impact, reduction from business-as-usual emissions, improvement in emissions efficiency of the New Zealand economy and a stronger focus on domestic emissions reductions.
How the Party has addressed Article 4, paragraph 6, of the Paris Agreement (i.e. LD and small island developing states may prepare and communicate strategies, plans and actions for low greenhouse gas emissions development reflecting their special circumstances):	N/A – noting Tokelau's preference to append an NDC to New Zealand's.
Element: How the NDC contributes towards achieving the objective of the Convention as set out in its Article 2	
Sub-element:	Information:
Article 2 of the Convention (i.e. stabilisation of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system):	New Zealand welcomed the IPCC's *Special Report on global warming of 1.5°C*, and the urgency of climate action that we have a duty to respond to. New Zealand's target choice should primarily be guided by the best available scientific knowledge. The IPCC is the definitive source of evidence to support climate change policy development. Its reports represent the best expert assessment of global knowledge on climate change. New Zealand has a duty to respond to the IPCC's conclusion that limiting global warming to 1.5°C "would require rapid and far-reaching transitions" in most human activities; as well as the inclusion of emissions pathways consistent with limiting warming to 1.5°C, which have
How the nationally determined contribution contributes towards Article 2, paragraph 1(a), and Article 4, paragraph 1, of the Paris Agreement. (i.e. global temperature goals, including to limit global temperature to 1.5°C):	

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	gained considerable influence as representing what is "necessary" to achieve the aim of the Paris Agreement. The report provided evidence to inform the 2050 target in New Zealand's Climate Change Response (Zero Carbon) Amendment Act, which will be a significant challenge requiring early and more ambitious action across all sectors. The Act has legislated a domestic target out to 2050 that is consistent with 1.5°C. The NDC contributes towards these Articles by acknowledging the contribution of the Talanoa Dialogue. Additionally, there is a planned proposal to request the Climate Change Commission to review our NDC to provide advice about New Zealand's targets (and the NDC target).

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Out of scope

Restricted

Office of the Minister for Climate Change

Chair, Cabinet Environment, Energy and Climate Committee

Process to update New Zealand's Nationally Determined Contribution under the Paris Agreement

Proposal

1. Parties to the Paris Agreement have committed to communicate or update their Nationally Determined Contributions (NDCs) by March 2020. In 2016, New Zealand ratified the Paris Agreement and we submitted our NDC which covers a ten year period from 1 January 2021.
2. I propose that we do not submit an update to our NDC at this time. I have requested advice from the Climate Change Commission (the Commission) on whether New Zealand's NDC is compatible with the global temperature goal of 1.5°C, and whether our headline target would need to change. I propose that we do not submit prior to receiving advice from the Commission. I expect to receive this advice in February 2021.
3. I seek Cabinet's approval to authorise the Minister for Climate Change to communicate to the UNFCCC the request that the Commission provide advice on the compatibility of the NDC with the global temperature goal of 1.5°C.
4. I had previously intended to seek Cabinet's approval to submit an update of New Zealand's 2021-2030 NDC to the United Nations Framework Convention on Climate Change (UNFCCC) by March 2020. This update did not include a change in the headline number of the NDC, but included an accompanying narrative about the domestic action we are taking on climate change, as well as further information to improve transparency, clarity, and understanding of our target. However, I now propose a different approach as the context has changed.

Out of Scope

s 6(b)

Executive summary

6. Cumulatively, existing NDCs do not represent sufficient ambition to limit warming to 1.5°C and there is a clear need for greater global action on climate change. Parties to the Paris Agreement, including New Zealand, have committed to communicate or update their NDCs by March 2020.
7. The overarching objectives of updating our NDC are threefold; to respond to our international obligation to communicate our updated NDC to the UNFCCC by March 2020; to encourage global action on climate change; and, to explain our NDC to stakeholders.
8. To ensure New Zealand seeks the highest possible ambition in its NDC, and aligns with the global temperature goal that we have committed to under the Paris Agreement, I have requested the Commission provide advice and recommendations to the Government on whether the NDC should change to bring it in line with the global 1.5°C

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temperature goal and, if so, how. Following the Commission's advice, it may be appropriate for the NDC target to be revisited. I expect to receive this advice by 1 February 2021.

s 9(2)(h)

[redacted]

Out of Scope

10. I had initially proposed that New Zealand re-submit an unchanged headline target, alongside information to better communicate our NDC, by March 2020. However, the context surrounding the submission has changed and this has affected our approach.

s 6(b)

[redacted]

12. Instead, I propose that New Zealand communicates to the UNFCCC that the Commission will assess the compatibility of the existing NDC with the global 1.5°C temperature goal. This will ensure that our NDC represents the highest possible ambition for New Zealand in light of our commitment to the global temperature goal of 1.5°C.

13. I had originally planned on revisiting the NDC's ambition in 2019, but deferred due to delays to the Zero Carbon Act which consequently delayed the establishment of the Commission.

14. There is a high likelihood that not updating New Zealand's NDC may be received negatively by some countries and commentators. We seek to minimise this risk by highlighting the request to the Commission and underlining our commitment to global action to limit warming to 1.5°C.

15. Although we have chosen not to update our NDC at this point, under the Paris Agreement, New Zealand is able to amend its NDC at any stage. We are not limited in opportunities to revise our target, only on the nature of the revision as we need to demonstrate progression and increased ambition over time. This is set out in Article 4(11) of the Paris Agreement, which states that a Party may at any time adjust its existing nationally determined contribution with a view to enhancing its level of ambition.

16. In 2017, Tokelau asked New Zealand to extend its territorial application of both the UNFCCC and Paris Agreement to Tokelau. Now that New Zealand's ratification of the UNFCCC and Paris Agreement has been extended to include Tokelau, New Zealand's reporting now includes Tokelau. Officials are working with Tokelau to inform them of the proposed approach, and to include Tokelau's climate contribution as part of any update to New Zealand's NDC in the future.

Background

New Zealand is committed to ambitious climate action and the Paris Agreement

17. The Paris Agreement was designed to ensure that all countries, no matter how big or small, contribute to keeping average global temperature increase to well below 2°C above pre-industrial levels, and pursuing efforts to limit the temperature increase to 1.5°C.

18. NDCs represent each country's contribution to these global temperature limits. NDCs are required to show a country's highest level of ambition to reduce global emissions, a progression on previous efforts, and to be more ambitious over time.

19. New Zealand's existing NDC, submitted in 2016 and covering the period 2021-2030, represents our international contribution to mitigating climate change. The headline target

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is to reduce emissions to 30 per cent below 2005 levels by 2030. New Zealand's projected total emissions across the period 2021-2030 are 783 Mt CO_2-e, with an expected emissions budget of 601 Mt CO_2-e. Accordingly, the estimated abatement needed over that ten year period is 182 Mt CO_2-e.

20. New Zealand's NDC is a "responsibility target", meaning that the target could be met through a combination of domestic emissions reductions, emissions removals (e.g. from forestry and other land use), and access to international carbon markets. We do not need to make decisions on how we will meet our NDC at this stage.

21. To inform any future increase in the headline target of the NDC, I have requested the Commission provide advice and recommendations to the Government on whether the NDC should change to bring it in line with the global 1.5°C temperature goal and, if so, how. It may be appropriate for our NDC to be updated following the Commission's advice.

The need for increased global ambition

22. The Paris Agreement remains the most important forum for addressing climate change. It has near universal membership and continues to attract significant public and media interest. With the Paris "rulebook" largely finalised over the past two years, attention is increasingly focusing on the Agreement's implementation. Many countries, including New Zealand, have made efforts to implement the Paris Agreement by putting in place comprehensive domestic policies and measures and long-term climate goals.

23. Despite this, 2020 will be an important test for the Paris Agreement as current NDCs do not cumulatively represent sufficient action to limit warming to 1.5°C[1] and there is mounting evidence that urgent action is needed to significantly reduce global emissions before 2030 in order to meet the 1.5°C goal.[2]

24. New Zealand actively works to address the "global ambition gap". The 2018 Talanoa Dialogue sought to influence countries to increase their ambition when updating their NDCs. New Zealand acknowledged the significant gap between current global emissions and the 1.5°C scenario, endorsing the Talanoa Call to Action at COP24. The United Nations Secretary-General's (UNSG) Climate Action Summit 2019 also pushed for increased action and ambition of NDCs. New Zealand played a significant role through co-leading the Summit's Nature Based Solutions pillar with China, encouraging countries to "unlock the full potential of nature in climate action."

25. Calls for increased ambition featured last year at COP25 in Madrid[3] and I expect global ambition and Parties' updated NDCs to be in the spotlight at COP26 in Glasgow in November 2020. The European Union (EU) has announced that it will increase its NDC from a 40 per cent to a 55 per cent reduction from 1990 levels by 2030. Similarly, Norway has recently announced that they will increase their NDC from a 40 per cent to a 50-55 per cent reduction by 2030. s 6(b)

s 6(b) [redacted]

s6(a) 26. There are signals that others will follow suit, including s 6(a) [redacted] To further encourage steps towards increased global ambition, New Zealand should demonstrate serious intent to achieving its highest possible ambition. We aim to do this through the

[1] This has been illustrated in a number of reports, including the recent UNEP Emissions Gap Report 2019 which found that countries would need to increase their 2030 climate plans more than fivefold to limit global temperature rise to the 1.5°C goal of the Paris Agreement.

[2] The IPCC Special Report on 1.5°C found that in pathways limiting global warming to 1.5°C, global net human-caused emissions of carbon dioxide fall by about 45 per cent from 2010 levels by 2030, reaching 'net zero' around 2050. This means that any remaining emissions would need to be balanced by removing CO_2 from the atmosphere.

[3] Global ambition featured in the COP's outcome the *Chile Madrid Time for Action* (Decision 1/CP.25 and 1/CMA.2).

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request to the Commission for independent advice before we decide on whether, and if so, how to update our NDC.

27. I have been informed that other countries, such as s 6(a) do not plan to increase their headline numbers but intend to enhance their NDCs with additional information to provide a narrative and align NDC implementation with their long-term climate goals. Switzerland has recently submitted their NDC update and indicated that the headline number would not change. s 9(2)(g)(i)

Out of Scope

28. If we do not communicate an update to the NDC in March 2020, as committed to under the Paris Agreement, we run the risk of being perceived to not be contributing to global action on climate change, and ignoring our previous commitment to update. It is expected that these perceptions can be managed by emphasising the request to the Commission, and underlining that New Zealand can communicate its NDC to the UNFCCC at any time.

29 s 9(2)(g)(i)

Out of Scope

30. This change in the balance of risks has changed the context and I therefore propose that we do not submit an update to our NDC prior to receiving advice from the Commission.

Analysis

Approach to not updating New Zealand's NDC

Out of Scope

Momentum surrounding the increase in climate ambition is important. New Zealand does not want to contribute to a perceived lack of action from progressive nations, nor stymie momentum for increased ambition from other countries who have not yet communicated or updated their NDCs in the lead up to COP26 in November.

32. To best achieve our objective of encouraging global action on climate change, my proposal is that New Zealand not update its NDC in March 2020, as previously planned, and request advice from the Commission.

33. The proposed approach of relying on advice from the Commission before changing any headline number of our NDC was guided by the following principles:

- New Zealand's commitment to limiting global temperature rise to 1.5°C (rather than 2°C);
- Any contribution from New Zealand should add to global momentum on climate action and encourage increased ambition from other nations;
- New Zealand should seek its highest ambition in its NDC update, and this is best informed by advice from the Climate Change Commission;

Proposed NDC approach

34. I seek Cabinet's agreement to not update our NDC in March 2020, and to communicate to the UNFCCC that the Commission will be providing independent advice on the compatibility of our NDC with the global temperature goal of 1.5 degrees in early 2021.

35. While New Zealand committed to meeting the March 2020 submission deadline, the balance of risk has changed and our objectives are best achieved by not updating our NDC now as we are not proposing a change in the headline number.

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36. Parties to the Paris Agreement can update their NDCs at any time as long as the ambition doesn't decrease.

Consultation

37. This paper was prepared by the Ministry for the Environment, with input from the Ministry of Foreign Affairs and Trade.

38. The Treasury, the Ministry for Primary Industries, Te Arawhiti, the Department of the Prime Minister and Cabinet and the Ministry of Business, Innovation and Employment were consulted in its preparation. Te Puni Kōkiri have been informed.

39. The Commission will be engaging with public, iwi/hapū/Māori, industry, technical experts, special interest groups, sector lead groups and other interested parties on the NDC later in 2020.

Financial implications

40. There are no financial implications from the proposals in this paper.

Legislative implications

41. There are no legislative implications from this paper.

Regulatory impact analysis

42. The RIA requirements do not apply as there are no regulatory implications from this paper.

Climate implications of policy assessment

43. The Ministry for the Environment confirms that the CIPA requirements do not apply to this proposal.

Gender implications

44. There are no gender implications arising from this paper.

Disability perspective

45. There are no disability implications arising from this paper.

Treaty of Waitangi

46. I understand the issue of climate change and its effects is highly relevant to Māori. In our domestic setting this is being addressed, *inter alia*, through the Zero Carbon Act and the development of New Zealand's first climate change risk assessment. Climate change and its effects will have an impact on all New Zealanders, however, in relation to Article II interests, Māori will likely be impacted in the exercise of their customs and culture in relation to the local environment.

47. MfE is working with Māori to co-design a process that seeks to ensure climate-related policy, and mitigation and adaptation strategies, adequately support climate resilience and the particular needs of Māori in local communities throughout Aotearoa New Zealand. An Interim Establishment Committee is now being formed to engage widely and inclusively with iwi/Māori on the proposed process, and to oversee its establishment phase.

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Publicity

48. As earlier noted, there is a high likelihood that not updating New Zealand's NDC update will be criticised by commentators in New Zealand and overseas.

49. To negate this risk and to communicate our strong commitment to addressing climate change, the Commission will provide independent advice to the Government on whether the NDC is compatible with the global 1.5°C temperature goal. If advice concludes that it is not compatible, the Commission will provide the Government with recommendations on how the NDC might be aligned with the global temperature goal.

50. There will be a chance for the public to have their say on the compatibility of the existing NDC with the global temperature goal in late 2020, as part of the Commission's stakeholder engagement.

Proactive Release

51. I propose to proactively release this paper on the Ministry for the Environment's website in whole, subject to redactions as appropriate equivalent to those under the Official Information Act 1982, once public announcements have been made.

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Recommendations

The Minister for Climate Change recommends that the Committee:

1. **Note** the need for enhanced global action on climate change to limit warming to no more than 1.5°C above pre-industrial levels;
2. **Note** that New Zealand's current NDC is to reduce emissions to 30 per cent below 2005 levels by 2030, managed using an emissions budget approach across the period 2021-2030;
3. **Note** that the Minister for Climate Change has requested the Climate Change Commission to provide advice and recommendations to the Government on whether the NDC should change to bring it in line with the global 1.5°C temperature goal and, if so, how;

s 9(2)(g)(i) Out of Scope

5. **Note** that the Minister for Climate Change proposes not to provide an update of New Zealand's NDC to the Secretariat of the United Nations Framework Convention on Climate Change prior to receiving advice from the Climate Change Commission on the compatibility of the NDC with the global goal of limiting warming to 1.5°C;
6. **Agree** to communicate the request to the Climate Change Commission to the Secretariat of the United Nations Framework Convention on Climate Change;
7. **Note** that in 2017 New Zealand's application of the Paris Agreement was extended to include Tokelau and that Tokelau has indicated they would like to include their climate contribution as part of New Zealand's NDC;
8. **Request** the Minister for Climate Change to return to Cabinet in early 2021 following receipt of the Climate Change Commission's advice on the NDC, and to inform Cabinet on whether the level of ambition of the NDC needs to be updated to be compatible with limiting global warming to 1.5°C;
9. **Note** that officials will discuss the communication of the Climate Change Commission request to the United Nations Framework Convention on Climate Change with key stakeholders and iwi/Māori, following Cabinet's decision.

Authorised for lodgement.

Hon James Shaw

Minister for Climate Change

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