CLASSIFICATION

Climate Change
CHIEF EXECUTIVES BOARD

Quarterly Progress Report

Prepared for the Climate Priorities Ministerial Group

October 2024

Purpose and context

This quarterly progress report (the Report) on New Zealand's progress towards its climate change targets and goals is prepared by the Climate Change Chief Executives Board (the Board) for the Climate Priorities Ministerial Group (CPMG). It is intended to support decisions by Ministers, the Board, and agencies, regarding any necessary responses to ensure New Zealand achieves its climate goals and targets.

The Report is structured into three sections:

Section 1: Identifies upcoming decisions for Ministers and milestones across the Government's climate priorities over the next six months.

Section 2: Includes the Target 9 Report for the quarter ending September 2024, which outlines progress made this quarter towards New Zealand's climate mitigation targets and priorities.

Section 3: Provides a programme-level overview of implementation progress of New Zealand's emissions reduction plan (ERP1) and national adaptation plan (NAP1) - noting that the second emissions reduction plan (ERP2) will be published by December 2024.

Recommendations are provided below for you to consider:

Recommendations

a) **Note** the Target 9 Report, covering the quarter ending 30 September 2024, shows we are on-track to meet EB1, and EB2 can be met with the additional policies proposed in the Government's ERP2.

b) **Note** that agencies are prioritising the delivery of initiatives across all pillars of the Government's Climate Strategy, alongside finalisation of the second emissions reduction plan (ERP2). Key milestones met this quarter and significant Cabinet decisions expected over the next two quarters, will position the Government for effective implementation of ERP2 and achieving Target 9.

c) **Note** that implementation of actions in ERP1 and NAP1 has been mixed, with advice to be provided to Cabinet in the next quarter on formally amending ERP1 and updating NAP1 actions. This will ensure the plans are better aligned with the Government's Climate Strategy while ensuring New Zealand's climate targets and goals can be met.

Section 1: Upcoming decisions and milestones on climate priorities

See Appendix 1 for further detail

Climate Strategy pillar	October to December 2024	January to March 2025
 **Infrastructure is resilient**	**Adaptation** • Cabinet decisions on the Government's responses to the Finance and Expenditure Committee (FEC) inquiry into climate adaptation, and the Climate Change Commission progress report on the national adaptation plan	**Adaptation** • Government response to the Climate Change Commission's progress report required by 2 February 2025 • 9(2)(f)(iv)
 **Credible markets**	**NZ ETS** 9(2)(f)(iv) **Limiting Farm Conversions** • Cabinet decisions on policy framework before end of 2024	**NZ ETS** • Receipt of the next annual advice from the Climate Change Commission on ETS settings in late February 2025 Note: Receipt of this advice subsequently shifted to April 2025 **Limiting Farm Conversions** • Drafting of Bill underway
 **Clean energy** Note: Cabinet has not taken decisions yet and implementation has not yet started	**Electrify NZ** • Drafting and introduction of RM Amendment Bill #2 • 9(2)(f)(iv) • Passage of Fast Track Bill in late 2024 • Introduce offshore renewable energy legislation by December **Transport** • December Cabinet decisions on revised model for Government co-investment in charging infrastructure	**Electrify NZ** • RM Amendment Bill #2 to progress through Select Committee • Consultation in Q1 2025 on wider national direction reform package • Electricity Authority decisions on network pricing for new connections in first half of 2025 **Transport** • Implementation of revised model for co-investment in charging infrastructure
 **World-leading climate innovation**	**Agriculture** • Release a farm-level emissions calculation methodology • Continue to streamline regulatory pathways for approval of new mitigation tools • Draft and introduce Gene Technology Bill by mid-December • Remove agriculture from the ETS (Select Committee Report on the Bill to the House 1 November, aiming for Royal Assent in November/December)	**Agriculture** • Continued engagement with the sector to secure adoption of the farm-level emissions calculation methodology • Analysis of options for on-farm sequestration • Initial policy analysis/response to methane science and target review, and Climate Change Commission's review of 2050 target (ongoing; timelines TBC) • Gene Tech Bill Select Committee underway
 **Nature-based solutions**	**Non forestry removals** • Continuing policy work to develop the carbon removals assessment framework - and approach to NBS in ERP2 **Afforestation on Crown-owned Land** • Cabinet decision on next steps, to inform ERP2 content	9(2)(f)(iv) 9(2)(f)(iv)

Section 2: Target 9 - progress towards meeting climate mitigation targets

1. In April 2024, nine Government Targets were approved by Cabinet, with reports for the Prime Minister and Cabinet required on a quarterly basis. Target 9 relates to reducing greenhouse gas emissions. It has the headline goal of being on track to meet New Zealand's 2050 net zero targets, with a focus on meeting New Zealand's first and second emissions budgets (EB1 and EB2).
2. The first Target 9 Report for the period ending July 2024 was publicly announced on 16 September 2024. The second Target 9 report for the period ending 30 September 2024 is included in this Report and is expected to be publicly announced in November, following Cabinet approval.
3. Emissions budgets are designed to step New Zealand towards the 2050 net zero target referenced in Target 9. Although we are on track to meet EB1 and meeting EB2 is probable, we are less confident in our ability to meet the 2050 net zero target based on current policy settings.
4. Projections are inherently more uncertain the further ahead we look. Building contingency into each emissions budget will improve the likelihood of meeting New Zealand's 2050 target.

Target Quarterly Report

Target 9 – Reduced net greenhouse gas emissions

On track to meet New Zealand's 2050 net zero climate change targets with total net emissions of no more than 290 megatonnes from 2022 to 2025 and 305 megatonnes from 2026 to 2030.

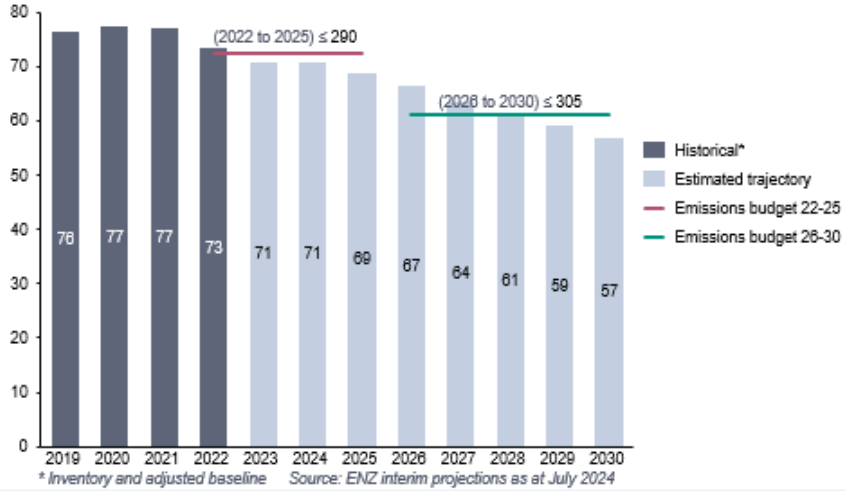
Quarter ending
30 Sept 2024

Current Target Performance

Status EB1 & EB2	Target EB1	Target EB2	Current Performance
	Net emissions ≤ **290 Mt** CO_2-e	Net emissions ≤ **305 Mt** CO_2-e	On track/probable

Trajectory towards target

New Zealand Net Emissions, megatonnes (with existing measures but without proposed ERP2 policies)



** Inventory and adjusted baseline* *Source: ENZ interim projections as at July 2024*

What are the key issues and risks?

The central projection shows EB2 can be met with the additional policies proposed in the ERP2 discussion document and assuming we do not face significant external headwinds, e.g., dry hydro years. The central projection is only slightly below the EB2 target though, and the Government's ability to respond to changes in emissions is limited given the potential scale of external factors and the lag between policy interventions and abatement.

The ETS is intended to play the key role in achieving Target 9. The Government has reduced the number of units available between 2025 and 2029. However, remaining NZUs can be used at any time, making it hard to model which emissions budget period the units will be used (keeping emissions higher) versus actual emissions reductions made (lowering emissions).

In August, low availability of hydro generation and gas supply highlighted issues of energy security. To address this, measures are being progressed including, reversing the ban on offshore oil and gas exploration and removing regulatory barriers to LNG imports. These could result in additional emissions. Without improved gas availability, energy security relies on burning coal and installing new renewable electricity generation as part of Electrify NZ.

Action and Insights

What is driving changes in performance vs. last period?

ERP2 discussion document interim projections give confidence that Target 9 can be achieved. We are on track to achieve EB1 with our existing measures. Our central projection shows that EB2 can be met with the additional policies proposed in the ERP2 Discussion Document. Delivery of the actions within ERP2 and the Government's Climate Change Strategy will be key to meeting EB2. This report reflects interim emissions projections as at July 2024, the published ERP2 will include updated emissions projections.

What is the progress of key initiatives that support target delivery?

The second emissions reduction plan (ERP2) – the plan for meeting Emissions Budget 2 (EB2) - is being finalised. Consultation closed 25 August 2024, with 1,794 public submissions. Analysis indicates policies consulted on in the ERP2 Discussion Document could reduce emissions in EB2 by 3.9 Mt.

Milestones on the Government's key climate priorities, include:

NZ ETS: The Government updated its ETS settings for the next five years, reducing the number of units available from 45 million to 21 million between 2025 and 2029. This reduction aims to reduce the oversupply of units in the market.

Transport: Cabinet agreed to make changes to the Energy Efficiency and Conservation Act 2000. Once enacted, these changes will enable standards to be set for smart EV chargers.

Agriculture: AgriZero[NZ] co-funded $13.5 m to Lucidome Bio, a Kiwi methane vaccine venture, and $4 m to Ruminant Bio-Tech to accelerate commercialisation of a methane-inhibiting bolus. New shareholders joining AgriZeroNZ increased the total funds for investment to over $180 m.

What decisions and actions are required from Ministers?

The Minister of Climate Change will take the second emissions reduction plan (ERP2) to Cabinet for final approval in November and public release in December 2024. The Minister will also be seeking Cabinet decisions on a revised ERP1, and on the second Nationally Determined Contribution, which needs to be notified internationally in February 2025.

Cabinet will take decisions next quarter on policies across the Government's Climate Strategy for New Zealand, including:

- **Clean energy**: the Resource Management Amendment Bill #2 (addressing several RMA-related Electrify NZ commitments), Select Committee report back on the Fast Track Approvals Bill, Introduction of offshore renewable energy legislation.

9(2)(f)(iv)

- **Nature-based solutions**: afforestation on Crown Land

Together with taking an adaptive management approach when implementing ERP2, these decisions will position NZ well to achieve EB2.

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Target 9 - Supporting Indicators

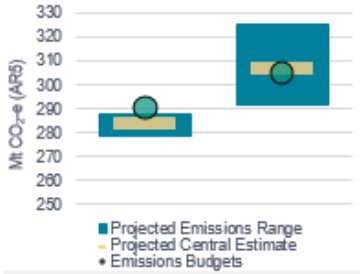
Based on ERP2 discussion document interim projections, we are on track to achieve EB1 with our existing measures. Our central projection shows that EB2 can be met with the additional policies proposed in the ERP2 Discussion Document. Sectoral emissions numbers can fluctuate but are projected to drop over time. System indicators show that the economy is decarbonising. Looking ahead to the next quarter, leading indicators suggest there may be more coal consumption emissions in the short term, but lower emissions from decreasing livestock numbers. Slower than usual economic growth could limit short term emissions (as has been experienced historically).

Quarter ending 30 Sept 2024

Emissions margins and sectoral breakdown

Emissions are 6Mt under EB1

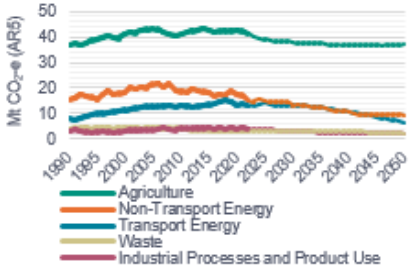
Interim projections for EB1 & EB2 with existing measures but **without** proposed ERP2 policies



- Projected emissions are below budget for EB1, even at the high end; and
- Projected 2Mt CO_2-e under EB2 if proposed ERP2 policies are included, with wide uncertainty.

Gross emissions have peaked

Historical and Projected Gross Emissions by Sector *Source: ENZ Interim projections, ERP2 baseline*

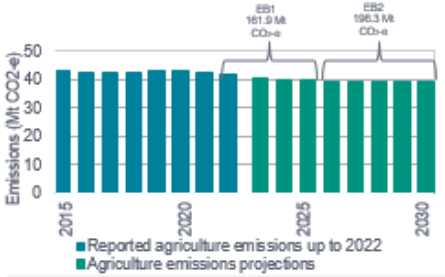


- Since total emissions peaked in 2006, emissions have fallen for non-transport energy, agriculture, and waste.
- Emissions from transport and IPPU are trending downwards.

Sectoral indicators

Agricultural emissions are declining

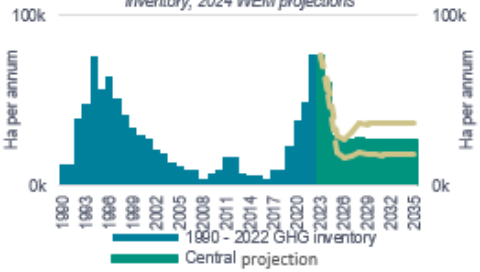
Actual and Projected Agriculture Emissions *Source: GHG inventory, 2024 WEM projections*



- From 2014-2022, ag emissions fell 4%, driven by lower cattle and sheep numbers. A 6% drop from 2022 is expected by 2030.
- Multiple technologies expected to be available before 2030 helping achieve EB2 with significant abatement expected in EB3.

Afforestation vital to forestry's contribution

Historical and Projected *Afforestation Source: GHG inventory, 2024 WEM projections*

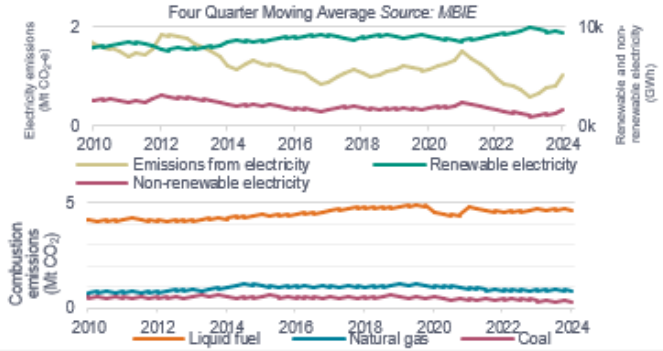


- Actual levels of afforestation will range between the low and high scenarios.
- Older forests contribute significantly to EB1 and EB2, while projected afforestation will impact later EBs.
- Investment and policy uncertainty affect planting intentions.

Sectoral Indicators

Electricity emissions have declined but rose last two quarters

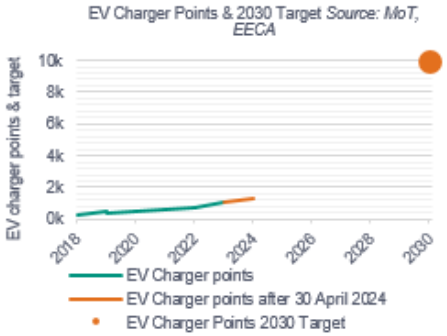
Four Quarter Moving Average *Source: MBIE*



- Electricity generation emissions have declined since 2020 but recently increased due to increased use of coal to ensure security of supply, following unfavorable conditions for renewable generation and gas supply. Also reflected in the slight downward trend of total renewable electricity supply.
- Natural gas emissions declined since 2019 reflecting the tight gas market.

EV charger points growing

EV Charger Points & 2030 Target *Source: MoT, EECA*

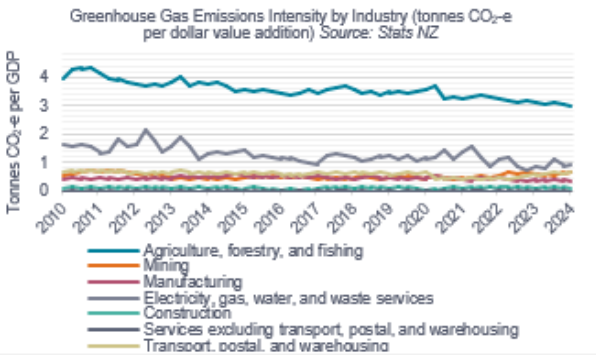


- Growth in EV charger points is up 15% from 2023.
- There are 1,249 EV charger points as of September 2024.
- To reach the 2030 target, installations will need to grow at a compounding rate of 41% per year.

System Indicators (long term)

Emissions intensities of economic activities decreasing

Greenhouse Gas Emissions Intensity by Industry (tonnes CO_2-e per dollar value addition) *Source: Stats NZ*



- Key sectors are slowly reducing their carbon footprint as the economy transitions.
- Lower emissions intensity is driving greater economic efficiency, leading to increased GDP compared to emissions.

Section 3: ERP1 and NAP1 implementation progress

5. In 2022, New Zealand launched its first emissions reduction plan (ERP1) and national adaptation plan (NAP1). [1] The Board is responsible for monitoring and reporting on implementation progress of these two plans, informed by agency reporting.[2]

Summary for the period ending 30 September 2024

6. The implementation progress of ERP1 and NAP1 has been mixed (see Table 1 for charts). Across both plans, many actions are actively being implemented, with a growing number completed. However, monitoring this quarter shows an increase in discontinued and on-hold actions over 2024, primarily due to agencies aligning with the Government's new Climate Strategy.

7. Other contributing factors include the ambitious scope of the plans (433 actions in total across both plans), which requires significant focus and prioritisation from agencies. Additionally, emerging issues, such as the cost-of-living crisis, severe weather events, and energy security, have inevitably led to the re-prioritisation of government programmes, including across ERP1 and NAP1.

8. The Minister of Climate Change has agreed to formally amend ERP1 to reflect the recent change in approach [briefing BRF-5025 refers]. This amendment will formally remove 41 actions from ERP1.[3] Furthermore, the Board is working across agencies to update actions in NAP1[4] to reflect the changing context since NAP1 was published and the Government's priorities for adaptation, and to help address gaps identified by the Climate Change Commission.

Looking to the next six-month period

9. Our latest projections show we are on-track to meet the first emissions budget (EB1), accounting for discontinued or on-hold actions. Our projections also show we can meet the second emissions budget (EB2), if we implement the ERP2 policies as planned.

10. The Board will continue to monitor and report to CPMG on the ongoing currency and effectiveness of ERP1 and NAP1 actions, including as we transition to ERP2.

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1 Combined, the plans contain 433 actions (305 in ERP1; 128 in NAP1).

2 The Climate Change Commission is required under the Climate Change Response Act 2004 to report annually on progress against emissions budgets and reduction plans (the Emissions Reduction Monitoring Report, or the ERM report), and biennially, on progress in delivering the national adaptation plans. The first of these reports were delivered to the Government in this reporting period. The Government response to the ERM Report was tabled in Parliament on 16 October, and agencies are in the process of responding to the NAP progress report. Both the reports, and Government responses, draw on the Board's monitoring and reporting across the plans.

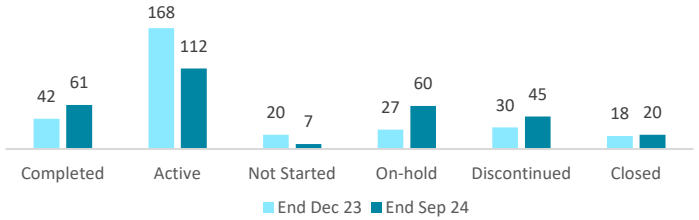
3 This will be the last progress report that covers those 41 actions.

4 Ministers will receive further advice on an updated table of actions as part of the response to the Commission's Adaptation Progress Report. Cabinet decisions on the response will be sought along with those on the Adaptation Framework and a Cabinet Economic Policy Committee meeting in November.

TABLE 1: STATUS OF ACTIONS IN ERP1 AND NAP1 as at end September 2024

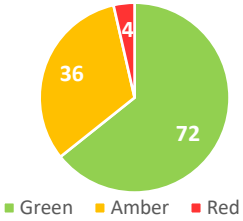
ERP1

The approach to meeting emissions budgets has changed, leading to more on-hold and discontinued ERP1 actions. However, the majority of actions are actively being implemented, and completed actions continue to grow



- ERP1 is being amended to formally remove 41 discontinued actions from the plan, following public consultation as part of the ERP2 discussion document (published July 2024).
- A further 4 actions have been discontinued and 9 actions are pending Minister decision to discontinue since public consultation but will not be formally removed from ERP1.

Over two thirds of active actions are rated green, meaning delivery confidence is high



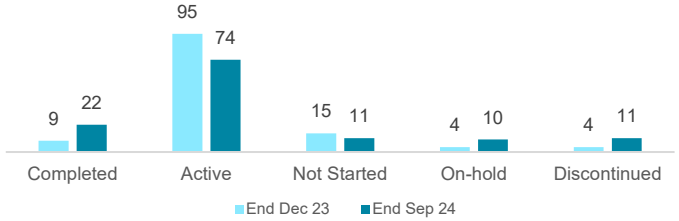
- For those actions rated as amber or red, key challenges cited by agencies include process delays and funding constraints.
- Several ERP1 actions have adjusted timeframes to align with changes in priorities. These actions will still be delivered, albeit with some delay.

18 more actions have been completed this reporting period, including:

- Increase data collection and research to measure baselines and indicator;
- Assess spatial plans to understand emissions implications and key risks and opportunities for reducing emissions;
- Explore measures to ensure electric vehicle charging is energy efficient;
- Exploring electricity distribution and transmission issues as they relate to the Commerce Act 1986;
- Review hydrogen regulation, and adopt standards for hydrogen;
- Enhance forestry planning and advisory services

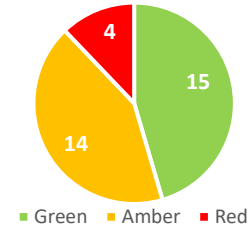
NAP1

Most NAP1 actions are actively being implemented, and a growing number are completed, but on-hold and discontinued actions are trending upwards



- NAP1 defined 'current' actions (actions with secure mandate and funding for the first years of the plan's delivery) Of these 64% are being delivered and 21% are completed.
- NAP1 also defined 'proposed' actions for future years (actions with less definition that were dependent on a number of factors). The majority of proposed actions are yet to start and account for most of the not started actions in the graph above.

45% of active critical actions are on-track for delivery



- NAP1 defines 52 critical actions as the actions that will make the most difference and we must start now.
- For those critical actions rated as amber or red, key challenges cited by agencies include internal funding/resource constraints and process delays.

13 more actions have been completed this reporting period, including:

- Provide access to the latest climate projections data;
- Design and develop risk and resilience and climate adaptation information portals;
- Produce guidance on using different socio-economic scenarios for adaptation planning;
- Integrate adaptation into Treasury decisions on infrastructure;
- Develop options for home flood insurance;
- The first Health National Adaptation Plan was signed off by the Director General of Health in July 2024;
- Consider climate risk in economic and fiscal monitoring and forecasting

Appendix 1: Further detail on the Government's climate priorities, ending September 2024

Climate Strategy pillar	Core policies	Key decisions and milestones out to 31 March 2025		Progress: Completed milestones and opportunities, risks, and interdependencies
		October to December 2024	January to March 2025	
 **Infrastructure is resilient** and communities are well prepared	**Adaptation Framework, including:** • Introducing adaptation legislation • Gathering and sharing information about climate related risks to support informed decision making	**Adaptation Framework** • Finance and Expenditure Committee (FEC) presented its report on the inquiry into climate adaptation on 1 October • Analysis on the positions by the Independent Reference Group and the recommendations of the FEC • Cabinet decisions on the Government's responses to the FEC inquiry and the Climate Change Commission progress report on the NAP, and forward programme to policy decisions in 2025	**Adaptation Framework** • Government response to the Climate Change Commission's report on the National Adaptation Plan will be published by 2 February 2025 9(2)(f)(iv)	**Adaptation Framework - Completed Milestones** • The Finance and Expenditure Committee inquiry completed hearings and is on track to deliver its report • The Independent Reference Group met on each of its workstreams and with relevant stakeholders to hear their views. It has developed an A3 to share with Ministers on its thinking **Opportunities, Risks, and Interdependencies** • The Adaptation Framework work programme focuses on climate change levers but has interdependencies with other sectors including emergency management, infrastructure, housing, building and construction, resource management and local water done well • Officials are working closely across agencies on the relevant policies

	Climate Data System
	Delivering high quality data, informing decisions, and supporting research into real world policy options. This includes:
	• Measuring progress to date; modelling and projections of climate risks and emissions; data on options, their costs and benefits; and linking these things to real world variables for example across the economy, or rural and urban communities
		Climate Data System
		• Deliver an emissions reporting dashboard which provides quarterly reporting on measuring mitigation progress to date with real world data
		• Delivery of the information required to report on Government Target #9
		• MfE will scope work to refresh the Measuring Emissions Guide to reduce frequency of data errors and make it easy for Climate Reporting Entities to use emissions factor data
		• MfE to improve its internal emissions modelling capability starting by upskilling staff in ENZ modelling
			Climate Data System
			• MfE will release the emissions reporting dashboard to the public
			• MfE will update the NIWA climate projections tool with
			  ○ other climate datasets,
			  ○ Deep South climate projections,
			  ○ summaries of the data for regional levels and iwi areas
			• MfE will continue to make priority natural hazards datasets available, starting with flooding data
			• MfE will develop the next iteration of the Measuring Emissions Guide to support businesses to measure and report their emissions
			• MfE will improve emissions modelling capabilities across the interagency climate data system, beginning by training other agencies in using the ENZ model
			• MfE will streamline data governance to improve the quality and access of climate data for decision making and more consistent use
				Climate Data System - Completed Milestones
				• MfE released updated Measuring Emissions Guide in May, supporting business and organisations to measure and reduce emissions
				• MfE released the 2024 Greenhouse Gas Inventory in April 2024 supporting emissions reporting
				• The interim projections dataset has been created for the ERP2 baseline and provides insight into the latest progress on emissions reduction
				• MfE delivered a data tool which provides open access to NIWA's downscaled climate projections by 1 July 2024 for adaptation and RM decision making
				Opportunities, Risks, and Interdependencies
				• The climate data system consists of climate data producers and users across central and local government, businesses, academia, research entities, and the public
				• There is an opportunity to improve the accessibility, timeliness, and quality of climate decision making and policy options
				• The initiative has high expectations from local government and businesses to resolve systemic issues around sharing and using climate data

 **Credible markets** support the climate transition	**NZ ETS** • The NZ ETS is our main tool to price emissions, supporting the climate transition at least cost. **Limiting farm conversions** • Limiting farm conversions to forestry registering in the ETS to protect highly productive farmland	9(2)(f)(iv) 9(2)(f)(iv)	**NZ ETS** • Receipt of the next annual advice from the Climate Change Commission on ETS settings for the years 2026 to 2030 in late February Receipt of this advice subsequently shifted to April 2025 9(2)(f)(iv)	**NZ ETS - Completed Milestones** • In August 2024, the Government updated its ETS settings for the next five years, reducing the number of units available from 45 million to 21 million between 2025 and 2029. This reduction aims to reduce the oversupply of units in the market. **Limiting Farm conversions - opportunities** This work links with broader work on ETS governance, forestry and farming policies. This policy also featured in the draft second emissions reduction plan. There is an opportunity for this work to support the credible markets pillar due to its impact on the ETS

Climate Strategy pillar	Core policies	Key decisions and milestones out to 31 March 2025		Progress: Completed milestones and opportunities, risks, and interdependencies
		October to December 2024	January to March 2025	
Clean energy is abundant and affordable	**Electrify NZ** • Electrify NZ: cutting red tape to enable investment in renewables so NZ can double its supply of affordable, clean energy and become a lower emissions economy by 2050 • Removing consenting barriers to accelerate consenting of electricity generation, transmission, and distribution infrastructure • Enabling use of offshore renewable energy resources • Ensuring fit for purpose funding and cost recovery rules for network infrastructure	**Electrify NZ** • Drafting and introduction of RM Amendment Bill #2 (late 2024) – which addresses several RMA-related Electrify NZ commitments • Proposal to consult on updated NPS-REG, NPS-ET and NES-ETA as part of wider national direction reform package 9(2)(f)(iv) • Select Committee report back on Fast Track Approvals Bill 18 October • Fast Track Bill passes into law in late 2024 • Introduction of offshore renewable energy legislation by December 2024 • Electricity Authority consultation on improving efficiency of network connections (connection costs and processes) in October 2024 • Commerce Commission final decision on revenue caps for Transpower and regulated EDBs –Nov 2024	**Electrify NZ** • RM Amendment Bill #2 to progress through Select Committee • NPS-REG, NPS-ET and NES-ETA to progress with wider ND reform package for consultation Q1 2025. • Electricity Authority decisions on network pricing for new connections in first half of 2025 • Electricity Authority decisions supporting distributors' access to metering information in first half of 2025	**Electrify NZ - Completed Milestones** • Fast track approvals legislation introduced into Parliament 7 March 2024 and referred to Select Committee • Cabinet considered next steps for work on EV charging in April 2024 • Cabinet considered next steps for Electrify NZ proposals in May 2024 **Opportunities, Risks, and Interdependencies** • Electrify NZ is the overarching work programme – with sub-components being led by different agencies and aligned with other work programmes. E.g. with the wider RM reform • Interdependencies with Transport and ETS policies, which impact the rate of users switching to electricity (which impacts the pace at which increased electricity supply needs to be delivered) • Interdependencies with workstreams being delivered by the Commerce Commission and the Electricity Authority
	Transport • Deliver 10,000 public EV charge points by 2030 • Eliminate the need for resource consents for EV charging points • Enable the development of sustainable aviation and marine biofuels	**Transport** • EECA has published a Request for Information to formally test with the market, changes to government co-investment in charging infrastructure. The revised approach will focus on recycling Crown capital over time, and maximising private sector investment • The Minister of Transport will report back to Cabinet seeking agreement to the revised co-investment model • New Zealand will be attending an IMO meeting on measures to reduce greenhouse gas emissions from international shipping • Officials are working on the next steps to implement the agreed actions with Australia to support aviation decarbonisation at the recent 2+2 meeting (attended by the Minister of Finance and the Minister of Climate Change)	**Transport** • The revised model for government co-investment in charging infrastructure will be implemented from 2025	**Transport - Completed Milestones** • In August 2024, Cabinet agreed to make changes to the Energy Efficiency and Conservation Act 2000. Once enacted, these changes would enable standards to be set for smart EV chargers. • EECA closed its latest co-funding round for EV charging projects in urban destinations, with contract negotiations currently underway. • Officials attended the IMO climate change negotiations (MEPC81) in March 2024 **Opportunities, Risks, and Interdependencies** • Close interdependencies with the energy portfolio (including work by regulators relating to the costs, processes, and timeframes for new connections to the electricity network, and MBIE- led changes to address resource consent barriers to the installation of chargers)
World-leading climate innovation boosts the economy	**Agriculture** **Give farmers the tools they need to reduce emissions (tech-led):** • Farm-level measurement by 2025 • Continued sector-led investment in R&D to reduce on-farm greenhouse gases • End the effective ban on GE and GM technologies • Full recognition of on-farm sequestration on a robust, scientific basis **Fair and sustainable pricing of on-farm emissions by 2030:** • Split gas approach to keep agriculture out of the ETS • Prices set to reduce emissions without sending agricultural production overseas • Review methane targets for consistency with no additional warming from agriculture	**Agriculture** **Give farmers the tools they need to reduce emissions (tech-led):** • Release a farm-level emissions calculation methodology, the foundation of future standardisation. • Work with processors and AgResearch to enable their adoption of the method • Brief Ministers on the sector's recent work to measure on-farm sequestration and land-use change. • Drafting of the Gene Technology Bill for an expected introduction and first reading in mid-December **Fair and sustainable pricing of on-farm emissions by 2030:** • Continue to work with the sector to invest in R&D • Continue to streamline regulatory pathways for approval and market acceptance of new mitigation tools, including the current regulatory review that is underway	**Agriculture** **Give farmers the tools they need to reduce emissions (tech-led):** • Continued engagement with the sector to secure adoption of the farm-level emissions calculation methodology. • Commence work on the next annual release of the method, featuring mitigations and on-farm sequestration. • Gene Technology Bill Select Committee process underway. **Fair and sustainable pricing of on-farm emissions by 2030:** • Continue to work with the sector to invest in R&D • Continue to streamline regulatory pathways for approval and market acceptance of new mitigation tools • Analysis of options for on-farm sequestration	**Agriculture** **Give farmers the tools they need - Completed Milestones** • Minister approved the approach to developing on-farm emissions measurement by 2025 • New shareholders joining AgriZeroNZ – increasing the total funds for investment to over $180m • In early August Cabinet agreed to policy for a new regulatory regime for gene technologies and approved the drafting of legislation to give effect to this. **Opportunities, Risks, and Interdependencies** • Gene Technologies: interdependency with the Biosecurity Act. Opportunity is through streamlining approval processes **Fair and Sustainable pricing of on-farm emissions - Completed Milestones** • On 2 April, final policy decisions to repeal agricultural obligations in the New Zealand Emissions Trading Scheme were made • Following Cabinet approval to do so, on April 6 the Agriculture and Climate Change Ministers announced the methane science and target would be reviewed by an independent panel of experts. The term of the review is 30 June – 29 November 2024

Climate Strategy pillar	Core policies	Key decisions and milestones out to 31 March 2025		Progress: Completed milestones and opportunities, risks, and interdependencies
		October to December 2024	**January to March 2025**	

		Agricultural emissions science and policy
		• Continuing policy work and engagement with the sector on agricultural emissions policy
		• Review of methane science and target by Independent Panel (report to be finalised end of November. Date for publication TBC)
		• Policy consideration of on-farm sequestration and sequencing with broader non-forest removals
		
		Legislation timelines
		• Removing agriculture from the ETS:
		  ○ Select Committee (July-October)
		  ○ Select Committee Report on the Bill to the House (1 November) : Parliament Second Reading (November); Committee of the Whole (November); Third Reading (November); Royal Assent (November/December)
			Agricultural emissions science and policy
			• Continuing policy work and engagement with the sector on agricultural emissions policy
			• Initial policy analysis/response to methane science and target review, and Climate Change Commission's review of 2050 target (ongoing; timelines TBC).
			• Progress work on on-farm sequestration	

Nature-based solutions address climate change	**Non forestry removals** • Developing a carbon removals assessment framework to assess the suitability of removal activities for the ETS **Afforestation on Crown-owned Land** • Partnering with the private sector to plant trees including opportunities for native afforestation on Crown land (excluding National Parks) that is unsuitable for farming and has low conservation value	**Non forestry removals** • Continuing policy work to develop the carbon removals assessment framework. The purpose, objectives and outcomes of the framework to be published in ERP2 • Confirming the Government's high-level strategy and approach to NBS in ERP2 **Afforestation on Crown-owned Land** • Cabinet decision on proposed next steps, to inform ERP2 content	9(2)(f)(iv) 9(2)(f)(iv)	