Ministry for Cities, Environment, Regions & Transport

PROACTIVE RELEASE COVERSHEET

Minister	Hon Simon WATTS	**Portfolio**	Climate Change
Name of package	Climate Change Response Amendment Bill	**Date to be published**	11 August 2026

List of documents that have been proactively released		
Date	***Title***	***Author***
29 June 2026	Climate Change Response Amendment Bill: Approval to introduce - Lodgement versions • Cabinet paper: Climate Change Response Amendment Bill – Approval for introduction • Appendix 1: Delegated decisions	Ministry for the Environment
29 June 2026	Cabinet Legislation Committee minute	
3 June 2026	26-BRF-01424 Climate Change Response Amendment Bill: Updated draft Cabinet paper for Ministerial consultation	Ministry for the Environment
14 May 2026	26-BRF-00790 Climate Change Response Amendment Bill: Draft Cabinet Paper	Ministry for the Environment
12 March 2026	26-BRF-00371 Next steps for the Climate Change Response Amendment Bill	Ministry for the Environment
17 October 2025	BRF-6881 Delegated decisions to support efficient implementation of adaptation plans Appendix 1 Proposals by portfolio	Ministry for the Environment
30 April 2026	26-BRF-00850 Further policy decisions for the Climate Change Response Amendment Bill	Ministry for the Environment
18 March 2026	B26-0147/ 26-BRF-00544 Further policy decisions to improve the administration of forestry in the Emissions Trading Scheme via changes to the Climate Change Response Act 2002	Ministry for Primary Industries Ministry for the Environment
9 October 2025	BRF-6887 A general power to add activities into the NZ ETS and meeting with Southland Silicon Materials Limited	Ministry for the Environment
2 December 2025	26-BRF-00025 Further minor and technical drafting decisions for the CCRA Bill	Ministry for the Environment

Information redacted YES

Any information redacted in this document is redacted in accordance with the Ministry for Cities, Environment, Regions & Transport's policy on proactive release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Summary of reasons for redaction

Some information has been withheld from the documents under the following sections of the Official Information Act 1982:

Cabinet paper: Climate Change Response Amendment Bill - Approval for introduction

- 9(2)(h) to maintain legal professional privilege;
- 9(2)(f)(iv) to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials

26-BRF-01424 Climate Change Response Amendment Bill: Updated draft Cabinet paper for Ministerial consultation

- 9(2)(a) to protect the privacy of natural persons, including that of deceased natural persons
- 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 public service agency or organisation in the course of their duty
- 9(2)(f)(iv) to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials

26-BRF-00790 Climate Change Response Amendment Bill: Draft Cabinet Paper

- 9(2)(a) to protect the privacy of natural persons, including that of deceased natural persons
- 9(2)(f)(iv) to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials

26-BRF-00371 Next steps for the Climate Change Response Amendment Bill

- 9(2)(a) to protect the privacy of natural persons, including that of deceased natural persons
- 9(2)(b)(ii) to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information
- 9(2)(f)(iv) to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials
- 9(2)(h) to maintain legal professional privilege
- 9(2)(k) to prevent the disclosure or use of official information for improper gain or improper advantage

BRF-6881 Delegated decisions to support efficient implementation of adaptation plans

- 9(2)(a) to protect the privacy of natural persons, including that of deceased natural persons
- 9(2)(f)(iv) to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials
- 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 public service agency or organisation in the course of their duty

26-BRF-00850 Further policy decisions for the Climate Change Response Amendment Bill

- 9(2)(a) to protect the privacy of natural persons, including that of deceased natural persons

B26-0147/ 26-BRF-00544 Further policy decisions to improve the administration of forestry in the Emissions Trading Scheme via changes to the Climate Change Response Act 2002

- 9(2)(a) to protect the privacy of natural persons, including that of deceased natural persons

BRF-6887 A general power to add activities into the NZ ETS and meeting with Southland Silicon

Materials Limited

- 9(2)(a) to protect the privacy of natural persons, including that of deceased natural persons
- 9(2)(b)(ii) to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information
- 9(2)(f)(iv) to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials
- 9(2)(h) to maintain legal professional privilege

26-BRF-00025 Further minor and technical drafting decisions for the CCRA Bill

- 9(2)(a) to protect the privacy of natural persons, including that of deceased natural persons

Classification

Office of the Minister of Climate Change

Cabinet Legislation Committee

Climate Change Response Amendment Bill: Approval for Introduction

Proposal

1 This paper seeks approval to introduce the Climate Change Response Amendment Bill (the Bill) to the House.

Policy

2 This Bill supports the Government's climate strategy through targeted changes to the Climate Change Response Act 2002 (CCRA). The Bill improves the efficiency and effectiveness of climate policy, provides greater certainty to businesses to support investment and economic growth, and clarifies requirements for local government regarding adaptation planning. The Bill includes changes to:

2.1 require local government to undertake adaptation planning in priority locations, to minimise climate adaptation costs by supporting local and central government and the private sector to invest early and in the right places [CAB-25-MIN-0324 refers]

2.2 introduce new reporting and market conduct requirements for the New Zealand Emissions Trading Scheme (NZ ETS) market, to improve market transparency and integrity and support market confidence [CAB-25-MIN-0086.01 refers].

3 This Bill also includes other changes agreed by Cabinet [CAB-25-MIN-0324 refers] to:

3.1 reduce duplicative processes, such as removing overlapping consultation requirements and the requirement for the Climate Change Commission (the Commission) to provide advice on policy direction prior to developing an emissions reduction plan

3.2 change the annual NZ ETS settings process to a biennial process, to support market stability and administrative efficiency

3.3 amend industrial allocation settings to reduce unintended disincentives for investment in emissions reductions and provide greater certainty for firms that receive industrial allocation

3.4 expand opportunities for additional carbon removal activities to be recognised and rewarded in the NZ ETS in future and signal to the market that investment in carbon removals is a priority for this Government

3.5 reduce complexity for forestry participants and provide disruption-related regulatory flexibility

3.6 make minor and technical changes to support the operation of the NZ ETS.

4 Cabinet also delegated authority for the following additional decisions (more detail is provided in Appendix 1):

4.1 In March 2025, Cabinet delegated authority to the Minister of Climate Change to make further policy decisions related to market governance, including decisions on penalties [CAB-25-MIN-0086.01 refers].

4.2 In September 2025, Cabinet delegated authority to the Minister of Climate Change, jointly with Ministers responsible for any relevant legislation, to make decisions to reduce process duplication and support efficient implementation of adaptation plans [CAB-25-MIN-0324 refers].

4.3 In September 2025, Cabinet delegated authority to the Minister of Climate Change to make decisions consistent with the Cabinet paper on issues that arise during drafting [CAB-25-MIN-0324 refers].

4.4 In September 2025, Cabinet delegated authority to the Minister of Climate Change and the Minister of Forestry to make further policy decisions to clarify proposals on the administration of forestry in the NZ ETS [CAB-25-MIN-0324 refers].

Further policy decisions

5 I seek Cabinet's agreement to a small number of further policy decisions. These further decisions remain consistent with the overarching policy intent and have no new financial implications for the Crown:

Efficiency and other technical amendments

5.1 Adjust the timing of the 2041 review of the 2050 target to 2040. Cabinet previously agreed to change the timing of the Commission's reviews of the 2050 target, so they are due by 31 December in 2031, 2036, 2041 and 2046. The Climate Change Response (2050 Target and Other Matters) Amendment Bill that passed last year introduced an additional review of the biogenic methane target in 2040. Moving the 2050 target review forward from 2041 to 2040 will allow both reviews to be considered together.

5.2 Remove the requirement to present amendments to an Emissions Reduction Plan (ERP) to the House of Representatives. Cabinet previously agreed to improve the process for amending an ERP and this change removes some duplication in the process as there is already an annual requirement to present a summary of ERP changes to the House of Representatives.

NZ ETS settings process

5.3 In September 2025, Cabinet agreed in principle to replace the current annual NZ ETS price control and unit volumes (NZ ETS settings) review frequency with a biennial review frequency, along with delegations to make final decisions after confidential targeted engagement had been undertaken with key stakeholders [CAB-25-MIN-0324 refers].

5.4 s 9(2)(f)(iv) [redacted]

5.5 s 9(2)(f)(iv) [redacted]

Streamlining the process to add activities to Schedule 3 of the Act

5.6 Create a general power for the Minister to add mandatory non-agricultural activities to the NZ ETS by Orders in Council, which will amend Schedule 3 of the CCRA and to require the Minister to consult on such Orders in Council. Currently, new emitting activities can only be added to the NZ ETS by amending primary legislation. Given the pace of technological and investment change, reliance on primary legislation may delay coverage of emerging emissions sources, making it more difficult to meet domestic emissions budgets and targets. This would provide a more efficient and responsive mechanism to keep NZ ETS coverage aligned, as closely as practicable, with new sources of emissions as they emerge. It would also provide greater certainty for firms' investment planning and decision making when considering whether to engage in activities outside of NZ ETS coverage.[1]

Forestry decisions to clarify minor details of policy decisions

5.7 Reset existing deforestation test timeframes where the regulator is satisfied that standing trees were cleared, or required to be cleared, due to an event outside the forester's control. In these circumstances, the timeframes would restart from the date of clearing and the land would not be considered deforested. A forester would be required to apply to the regulator before the deadline of the next deforestation test.

5.8 Require a person to notify the regulator before a permit expires, if they intend to use a Land Use Capability class 6 permit to enter forest land in the NZ ETS after the initial three-year period due to temporary adverse weather events. This will make it easier for the regulator to know whether a permit will be used, as without notification, a permit could remain unused for up to six years, making administration and reporting difficult.

[1] Any use of this proposed power will need to be supported by regulatory impact analysis that details costs and benefits and the materiality of any new source of emissions. Use of the power is expected to be infrequent: only one potential new source of emissions identified in the eighteen years of the NZ ETS.

5.9 Extend the requirement to surrender units when moving from post-1989 standard forestry to post-1989 permanent forestry to include first rotation forests. This closes a loophole that could otherwise allow participants to receive more units than they should be entitled to.

5.10 Enable regulations to be made that pass on the cost of third-party debt collection services.

5.11 Enable interest to be charged on unpaid fees and charges, including providing for the relevant interest rate to be set in regulations. This aligns with existing cost recovery provisions in the CCRA.

Impact analysis

Regulatory Impact Statement

6 Regulatory Impact Statements (RISs) and related impact analysis have been prepared, or exemptions granted, in accordance with applicable requirements. RISs were submitted when Cabinet approval of policy relating to the Bill was sought [CAB-25-MIN-0324 and CAB-25-MIN-0086.01 refer].

7 A regulatory impact assessment (RIA) was required for the biennial NZ ETS settings process proposal but was not prepared for Cabinet policy decisions. A Supplementary Analysis Report is provided at Appendix 2 and the Quality Assurance (QA) panel considers it partially meets the QA criteria.

8 A RIS has been completed to create a general power for the Minister to add activities to the NZ ETS (Appendix 3). The QA panel considers it partially meets the QA criteria due to the absence of consultation on the preferred option.

9 The Ministry for Regulation has granted exemptions from the RIS requirement for the remaining efficiency proposals, the additional forestry-related proposals and the adaptation delegated decisions as they are either covered by existing impact analysis [CAB-25-MIN-0324 refers] or the impacts are minor and fall within the scope of the original RIS exemption.

Climate Implications of Policy Assessment (CIPA)

10 The CIPA requirements apply to the general power for the Minister to add mandatory non-agricultural activities to the NZ ETS because it has an explicit objective to decrease greenhouse gas emissions. The proposal would improve the ability to meet emissions budgets and targets by reducing the risk that new emissions sources remain outside the NZ ETS (and its emissions price signal) due to legislative timing. Because use of the proposed power is not included in the proposal, its potential emissions impact cannot yet be quantified. Any future decision to use the power would require regulatory impact analysis and a CIPA assessment, at which point the emissions impact would be quantified.

Compliance

11 The Bill complies with the following:

11.1 The Bill is consistent with the principles of the Treaty of Waitangi. Impacts on iwi, hapū and Māori communities have been considered in the development of the proposals. s 9(2)(h) [redacted] s9(2)(f)(iv) [redacted] Overall, the Bill is not expected to adversely affect Treaty rights or interests.

11.2 the principles of responsible regulation set out in the Regulatory Standards Act 2025. A Consistency Accountability Statement and a Summary of Underpinning Analysis have been prepared and are included in Appendices 4 and 5.

11.3 the principles and guidelines set out in the Privacy Act 2020

11.4 relevant international standards and obligations

11.5 the Legislation Guidelines (2021 edition), which are maintained by the Legislation Design and Advisory Committee (LDAC). Officials engaged with LDAC on some aspects of the Bill.

12 The New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993 vetting process for the Bill is underway and the Ministry of Justice will produce a Bill of Rights compliance report.

Consultation

Stakeholder and Treaty partner engagement

13 Officials engaged with stakeholders during the development of the proposals in this paper. Further detail is set out in the RISs attached as appendices.

14 Engagement was proportionate to the scale and timing of proposals. It included targeted engagement with Māori for some proposals (particularly adaptation, efficiency and forestry), including post-settlement governance entities, groups yet to settle historical Treaty claims, Te Tai Kaha and the National Iwi Chairs Forum (Pou Take Āhuarangi).

15 Officials engaged with key organisations and stakeholder groups, including the Climate Change Commission, the Parliamentary Commissioner for the Environment, business and sector groups, the National Adaptation Framework Independent Reference Group, local government, NGOs and climate experts.

16 NZ ETS and market governance proposals have been subject to multiple rounds of consultation over time (including in 2015, 2018, 2021 and 2022 and targeted engagement in 2024). For other proposals, targeted engagement was undertaken with affected NZ ETS participants (including industrial allocation recipient firms and forestry stakeholders) to test the practical implications of the relevant proposals.

17 Compressed timeframes and the technical or enabling natures of some proposals limited pre-introduction testing. Further feedback is expected through the Select Committee process and, where relevant, subsequent implementation processes. For adaptation-related proposals, officials considered findings from recent Select Committee inquiry processes on climate adaptation (including the Māori Affairs Committee briefing and the Environment and Finance and Expenditure Committee inquiries). Feedback from these processes informed the proposals.

Agency consultation

18 The following agencies were consulted: the Treasury, Ministry for Primary Industries (MPI), the Environmental Protection Authority (EPA), Financial Markets Authority (FMA), Ministry of Justice, Ministry of Business, Innovation and Employment, Ministry for Regulation, Ministry for Foreign Affairs and Trade, Te Tari Whakatau, Te Puni Kōkiri, Department of Conservation, Ministry of Housing and Urban Development, Department of Internal Affairs, National Emergency Management Agency, Ministry of Transport, Ministry for Culture and Heritage, Ministry of Social Development, Ministry of Health, Whaikaha, the Climate Change Interdepartmental Executive Board Unit and the Parliamentary Counsel Office. The Department of Prime Minister and Cabinet was informed.

Binding on the Crown

19 The CCRA is binding on the Crown and this effect is unchanged by this amendment Bill.

Creating new agencies or amending law relating to existing agencies

20 The Ministry for the Environment (MfE), MPI, the EPA and the Financial Markets Authority (FMA) will have new or amended functions under this Bill. MfE will have new monitoring functions for the NZ ETS market and the FMA will be the regulator for new market conduct provisions. The EPA will have NZ ETS compliance and operation functions, such as the power to extend deadlines related to severe weather events, which may be delegated to MPI for operating forestry in the NZ ETS.

21 I note on 1 July 2026, MfE will be disestablished. MfE's existing functions under the CCRA will become the functions of the Ministry for Cities, Environment, Regions and Transport.

Allocation of decision-making powers

22 This Bill establishes new decision-making powers for MfE and the FMA in relation to penalties for breaches of new NZ ETS market governance requirements, including matters that may be determined by the courts. MfE may delegate its powers to the EPA in future, reflecting the EPA's operational role in managing the New Zealand Emissions Trading Register (the Register).

Associated regulations

23 Regulations, made on recommendation by the Minister of Climate Change, are needed to support and operationalise aspects of the Bill, including:

Expected to be made after Royal assent

23.1 regulations prescribing requirements for preparing, communicating and adopting adaptation plans

23.2 regulations to set a threshold for importing carbon dioxide as an NZ ETS activity and to specify information and measurement requirements for importing carbon dioxide

23.3 regulations prescribing conditions of disruptions for extensions to and resetting of deforestation tests

23.4 an Order in Council to prescribe an interest rate for Environmental Protection Authority penalty repayments

23.5 regulations to set an appropriately robust and scientific approach to calculating methodological improvements to the way emissions are estimated

To be made before the end of the current mandatory emissions return period (by 31 December 2030)

23.6 regulations to allow increases in forest age of a subsequent rotation for post-1989 forests under averaging accounting

23.7 regulations that pass on the cost of third-party debt collection services to the person from whom the debt is collected and to complement existing cost-recovery powers

To be made when the Register can support the requirements

23.8 regulations allowing the Minister to prescribe requirements for NZ ETS market participants to provide trading information to the Register

23.9 regulations for infringement offences for failing to complete Register reporting

23.10 regulations to commence NZ ETS obligations for importing carbon dioxide.

Other instruments

24 The proposed Planning Act empowers the responsible Minister to make secondary legislation prescribing the process for regional spatial plan committees to identify priority locations for adaptation plans. This is expected to be made within 9-12 months from Royal assent and is required to support and operationalise the Bill.

25 The Bill contains a provision empowering the making of other disallowable instruments by way of a Ministerial notice of a significant disruption. This will allow extension applications to deadlines that NZ ETS participants must meet for emissions returns and other notices, and applications where a person’s home, business or forest land is affected. A significant disruption includes a declared state of emergency or other circumstances specified in a Ministerial notice.

26 The Bill contains a provision that empowers the Minister to extend by public notice a deadline imposed under the adaptation provisions of the CCRA if: (i) requested to do so by a territorial authority and; (ii) satisfied that it is reasonable to do so. Such a notice is secondary legislation and is subject to disallowance by the House of Representatives.

Definition of Minister/department

27 This Bill does not contain a definition of Minister, department (or equivalent government agency), or chief executive of a department.

Commencement of legislation

28 The Bill will come into force the day after the date of Royal assent. Some provisions in Bill will come into force at a later date through regulations, such as Register reporting requirements for NZ ETS market participants and making the import of carbon dioxide a mandatory activity under the NZ ETS.

Parliamentary stages

29 The Bill will be referred to the Finance and Expenditure Committee.

Proactive Release

30 I propose to proactively release this paper on MfE's website subject to appropriate redactions in accordance with the Official Information Act 1982.

Recommendations

I recommend that the Cabinet Legislation Committee:

Further policy decisions

Efficiency and other technical amendments

1 **agree** the Bill changes the timing of the 2050 target review in 2041 to 2040

2 **agree** the Bill does not require an amendment to an Emissions Reduction Plan be presented to the House of Representatives

3 **agree** the Bill provide for a power for the Minister to add mandatory non-agricultural activities to the NZ ETS by amendment of the Act's Schedule 3 through Order in Council, subject to consultation

Forestry

4 **agree** the Bill provide for a reset of existing deforestation test timeframes where the regulator is satisfied that standing trees were cleared, or required to be cleared, as a result of an event outside the forester's control

5 **agree** the Bill includes an empowering provision to make regulations that prescribe the type of clearance events outside of a forester's control and to prescribe other

administrative requirements necessary to implement the resetting of deforestation timeframes

6 **agree** the Bill allows foresters to access both the provision to reset deforestation test timing and the provision previously agreed by Cabinet to extend deforestation tests by three years, according to their circumstances

7 **agree** the Bill requires a person who intends to apply to enter forest land in the NZ ETS using a Land Use Capability class 6 permit after the initial three-year period, due to temporary adverse weather events, to notify the regulator before the permit expires

8 **agree** the Bill includes a provision to extend the requirement to surrender units when changing from the post-1989 standard forestry activity to the post-1989 permanent forestry activity to first rotation forests

9 **agree** the Bill includes a provision to enable regulations to be made that pass on the cost of third-party debt collection services

10 **agree** the Bill includes a provision to enable interest to be charged on unpaid fees and charges, including adding an ability to set the relevant interest rate in regulations

Delegated decisions

11 **note** the decisions made by delegated Ministers as set out in Appendix 1

Approval and introduction of the Bill

12 **note** the Bill holds a category 5 priority on the 2026 Legislation Programme and is to proceed to select committee before the 2026 General Election

13 **note** the Bill will amend the Climate Change Response Act 2002 to improve its efficiency and effectiveness and clarify the responsibility of local government by requiring adaptation plans in the highest priority locations

14 **approve** the Bill for introduction, subject to the final approval of the government caucus and sufficient support in the House of Representatives

15 **agree** the Government propose that the Bill be referred to the Finance and Expenditure Committee for consideration.

Authorised for lodgement

Hon Simon Watts

Minister of Climate Change

Appendix 1: Delegated decisions

1 In March and September 2025, Cabinet authorised a number of decisions to be made under delegated authority.

Adaptation

2 I took policy decisions to:

2.1 require the use of the special consultative procedure as prescribed in s83 of the Local Government Act 2002 when consulting for the preparation and review of adaptation plans

2.2 clarify that territorial authorities are not required to use the special consultative procedure when it deems an existing adaptation planning document to be an adaptation plan under the Climate Change Response Act 2002

2.3 enable the Minister of Climate Change to deem plans as adaptation plans in particular circumstances and as a transitional power

2.4 enable consultation on adaptation plans to be combined with other relevant consultations

2.5 enable territorial authorities to make changes to an adaptation plan that are more than minor or technical, in accordance with regulations

2.6 require territorial authorities to have regard to relevant planning documents under the Planning Act and Natural Environment Act (when enacted) when preparing an adaptation plan

2.7 allow an option for a regional spatial plan under the Planning Act (when enacted) to specify a period of 10 years for the adoption of an adaptation plan for a priority location. The current policy decision stipulates a 5-year period

2.8 require consultation with persons and organisations the Minister considers appropriate before making regulations in connection with adaptation planning

2.9 allow for regulations to prescribe requirements for preparing, communicating, and adopting adaptation plans, rather than prescribing a specified list of matters that must be covered by regulations.

3 The Minister for Local Government and I took policy decisions to:

3.1 require adaptation plans and water services strategies to have regard to each other, similar to the relationship between adaptation plans and long-term plans that have already been agreed

3.2 require water services strategies to include strategic information relating to a territorial authority's adaptation planning in the water service provider's service area

3.3 require references to adaptation planning in the following documents relevant to water organisations: transfer agreements, statement of expectations and trust deeds along with the process requirements that apply when a water organisation prepares its water services strategy

3.4 create an exception to section 97 of the Local Government Act 2002 to enable councils to alter levels of service to implement an adaptation plan, when specified triggers are met.

4 The Minister for Emergency Management and Recovery and I took policy decisions to:

4.1 treat adaptation plan related changes as targeted amendments.

5 The Minister of Transport and I took decisions to:

5.1 amend the Land Transport Management Act 2003 to allow for combined or concurrent consultation of an adaptation plan and Regional Land Transport Plan.

Market governance

6 I took policy decisions to:

In relation to trading platform reporting requirements

6.1 require platform providers in the NZU secondary market to report to the Ministry for the Environment at the close of every business day the closing bid and closing offer price; price and volume of the final trade of the day; high and low traded price of the day; and total volume of New Zealand Units transacted on the day

6.2 require platform providers to report the information in a format specified by the Ministry for the Environment

6.3 require a platform to apply their own commercial best effort to provide a fallback price if it is unable to determine a closing bid or closing offer price

6.4 require platform providers to provide information to the government on all trades enabled by platform providers for on-platform trades.

In relation to trading platform providers failure to report price and volume information to the government

6.5 require an administrative penalty that increases with each occurrence of non-compliance as: first-time breach a penalty of $8,000; second-time breach a penalty of $16,000 and subsequent breaches a penalty of $24,000 per breach. The amount will reset to the first-time breach level after a 12-month period has passed without further breaches

6.6 clarify a grace period of one month between the platform reporting requirement coming into force and the penalty taking effect.

In relation to trading platform providers failure to maintain history of trading information

6.7 require trading platform providers to keep records of trading information for seven years

6.8 require an administrative penalty that increases with each occurrence of non-compliance as first-time breach a penalty of $12,000; second-time breach a penalty of $24,000; and subsequent breaches a penalty of $32,000 per breach. The amount will reset to the first-time breach level after a 12-month period has passed without further breaches

6.9 require, for trading platform providers that fail to report price and volume information and fail to maintain history of trading information, and trading platform providers and market participants that fail to provide information to the market monitor, the Ministry for the Environment to publish details of any non-compliance including: the name of the platform provider or participant; the section under which the penalty was imposed; the amount of the penalty; and the date on which the last payment for the penalty was due and, if the penalty has been paid in full, the date on which it was paid in full.

In relation to failure to provide information to the market monitor

6.10 require an administrative penalty that increases with each occurrence of non-compliance as: first-time breach a penalty of $8,000; second-time breach a penalty of $16,000; and subsequent breaches a penalty of $24,000 per breach. The amount will reset to the first-time breach level after a 12-month period has passed without further breaches

6.11 require participants to keep records of trading information for seven years.

In relation to administrative penalties

6.12 enable Ministry for the Environment to issue penalty notices to trading platform providers and market participants who breach market governance provisions and that the relevant details must be included in the penalty notice, including, but not limited to, the provision breached, the market monitor's ability to issue a notice and the amount of the penalty owed

6.13 provide for the manner in which Ministry for the Environment may give a penalty notice, including, but not limited to, giving the notice in writing, via personal delivery, via electronic means of communication or via post

6.14 require trading platform providers and market participants to pay the administrative penalty imposed within 20 working days after the notice is given

6.15 clarify that a trading platform provider's or market participant's obligation to pay a penalty is not suspended by any review or appeal

6.16 clarify that a person will not be liable to pay an administrative penalty if the Ministry for the Environment is satisfied that a compliance breach occurred through no fault of the person, and a limitation period will apply so that a penalty cannot be imposed for a breach that occurred more than four years ago

6.17 prohibit double jeopardy, meaning a person cannot receive more than one administrative penalty for the same conduct

6.18 provide for a review process to enable market participants the right to request a review of a penalty imposed and to bring an appeal to the District Court subject to the outcome of a review

6.19 provide for an appeal process to allow market participants the right to request a of the penalty imposed and to bring an appeal to the High Court on questions of law

6.20 require a 20-working day timeframe for Ministry for the Environment to make a decision on the person's liability to pay a penalty

6.21 clarify that where a trading platform provider or market participant is successful in a review or appeal of the penalty, Ministry for the Environment must refund the amount of the penalty paid

6.22 authorise the chief executive as defined under section 4 of the Climate Change Response Act 2002 to seek to recover debts for administrative penalties due to the Crown in a court of competent jurisdiction, including administrative costs incurred in its recovery

6.23 require the Ministry for the Environment to transfer the money from administrative penalties into a Crown Bank Account.

In relation to failure to record trading information in the Register

6.24 include a regulation-making power in the Climate Change Response Act 2002 for an infringement offence regime for Register reporting

6.25 require the Ministry for the Environment to have responsibility for publishing details of any non-compliance with Register reporting requirements when they are implemented.

In relation to price manipulation of New Zealand Units (NZUs)

6.26 require a criminal offence where the person knew their actions or omission would have, or would be likely to have, the effect of manipulating the price of NZUs as: imprisonment not exceeding 5 years for an individual, or a fine not exceeding $500,000, or both; and in any other case a fine not exceeding $2.5 million

6.27 require, for both price manipulation and false, unsubstantiated and misleading conduct, a civil pecuniary penalty not exceeding the greatest of: three times the amount of the gain made or loss avoided; $1 million in the case of an individual; and $5 million in any other case

6.28 enable the Financial Markets Authority, as the regulator, to have discretion to choose whether to pursue a criminal or civil pecuniary penalty for price manipulation of NZUs

6.29 prohibit double jeopardy so that a person cannot receive both a criminal fine and civil pecuniary penalty for the same conduct for price manipulation of NZUs.

In relation to false, unsubstantiated and misleading conduct

6.30 clarify that a person will not be liable for these criminal and civil pecuniary penalties if: the conduct was in line with accepted market practices and for a proper purpose; the breach was due to reasonable reliance on information supplied by another person, or other means beyond the person's control, provided they took reasonable precautions and exercised due diligence to avoid the contravention; they made all appropriate inquiries, took all reasonable steps, and genuinely believed that their statement was not false or misleading.

Other matters

6.31 enable the Ministry for the Environment to be the regulator responsible for administering the administrative penalties for platform reporting, register reporting, and failure to provide information to the market monitor, and the Financial Markets Authority to be the regulator responsible for administering the criminal and civil pecuniary penalties for price manipulation and false, unsubstantiated and misleading conduct

6.32 include a new market monitoring function for Ministry for the Environment under s 9A of the Climate Change Response Act 2002.

Forestry

7 The Minister of Forestry and I took policy decisions to clarify that:

7.1 a Ministerial notice of a significant disruption may amend NZ ETS application deadlines for extension applications where a person's home, business or forest land is affected. A significant disruption includes a declared state of emergency or other circumstances specified in a Ministerial notice

7.2 the Environmental Protection Authority may approve an extension application of up to three years to the offset or re-establishment date where pre-1990 or post-1989 offsetting land, or land subject to a temporary adverse event suspension, is affected by a disruption that delays forest land re-establishment.

Cabinet Legislation Committee

Minute of Decision

Climate Change Response Amendment Bill: Approval for Introduction

Portfolio **Climate Change**

On 25 June 2026, the Cabinet Legislation Committee:

Further policy decisions

Efficiency and other technical amendments

1 **agreed** that the Climate Change Response Amendment Bill (the Bill) change the timing of the 2050 target review in 2041 to 2040;

2 **agreed** that the Bill remove the requirement that an amendment to an Emissions Reduction Plan be presented to the House of Representatives;

3 **agreed** that the Bill provide for a power for the Minister for Climate Change (the Minister) to add mandatory non-agricultural activities to the New Zealand Emissions Trading Scheme (NZ ETS) by amendment of Schedule 3 of the Climate Change Response Act 2002 (the Act) through Order in Council, subject to consultation;

Forestry

4 **agreed** that the Bill provide for a reset of existing deforestation test timeframes where the regulator is satisfied that standing trees were cleared, or required to be cleared, as a result of an event outside the forester's control;

5 **agreed** that the Bill include an empowering provision to make regulations that prescribe the type of clearance events outside of a forester's control and to prescribe other administrative requirements necessary to implement the resetting of deforestation timeframes;

6 **agreed** that the Bill allow foresters to access both the provision to reset deforestation test timing and the provision previously agreed by Cabinet to extend deforestation tests by three years, according to their circumstances;

7 **agreed** that the Bill require a person who intends to apply to enter forest land in the NZ ETS using a Land Use Capability class 6 permit after the initial three-year period, due to temporary adverse weather events, to notify the regulator before the permit expires;

8 **agreed** that the Bill include a provision to extend the requirement to surrender units when changing from the post-1989 standard forestry activity to the post-1989 permanent forestry activity to first rotation forests;

9 **agreed** that the Bill include a provision to enable regulations to be made that pass on the cost of third-party debt collection services;

10 **agreed** that the Bill include a provision to enable interest to be charged on unpaid fees and charges, including adding an ability to set the relevant interest rate in regulations;

Delegated decisions

11 **noted** the decisions made by delegated Ministers as set out in Appendix 1 to the paper under LEG-26-SUB-0140;

Approval and introduction of the Bill

12 **noted** that the Bill holds a category 5 priority on the 2026 Legislation Programme;

13 **noted** that the Bill will amend the Act to improve its efficiency and effectiveness and clarify the responsibility of local government by requiring adaptation plans in the highest priority locations;

14 **approved** the Climate Change Response Amendment Bill [PCO 23433/4.1] for introduction;

15 **agreed** the Government propose that the Bill be referred to the Finance and Expenditure Committee for consideration.

Sam Moffett
Committee Secretary

Present:
Rt Hon Winston Peters
Hon Scott Simpson (Chair)
Hon Chris Bishop
Hon Paul Goldsmith
Hon Chris Penk
Hon Brooke van Velden
Hon Nicole McKee
Hon Casey Costello
Hon James Meager
Hon Cameron Brewer
Hon Mike Butterick
Stuart Smith MP
Jamie Arbuckle MP

Officials present from:
Officials Committee for LEG

Ministry for the Environment
Manatū Mō Te Taiao

BRIEFING

Climate Change Response Amendment Bill: Updated draft Cabinet paper for Ministerial consultation

Date:	3 June 2026	**Priority:**	Urgent
Security classification:	Classification	**Tracking number:**	26-BRF-01424

	Action sought	**Response by**
Hon Simon Watts **Minister of Climate Change**	**Approve** the draft Cabinet package for Ministerial consultation **Agree** to Ministerial consultation on the draft Cabinet paper from 9 to 15 June 2026 **Indicate** which option you prefer for proceeding with the biennial ETS settings proposals	8 June 2026

Appendices and attachments

1. Draft Cabinet Paper: Climate Change Response Amendment Bill: Approval to introduce (clean version)
2. Draft Cabinet Paper: Climate Change Response Amendment Bill: Approval to introduce (tracked version)

   Cabinet paper appendices:
3. Delegated Decisions (clean version)
4. Delegated Decision (tracked version)
5. Supplementary Analysis Report: NZ ETS Settings Review Frequency
6. Regulatory Impact Statement: Adding emitting activities to the New Zealand Emissions Trading Scheme
7. Consistency Accountability Statement
8. Summary of Underpinning Analysis

Contact for telephone discussion (if required)

Name	**Position**	**Telephone**	**1st contact**
Kirsty Flannagan	General Manager, Markets	021 042 0264	
Katherine Wilson	General Manager, Adaptation	021 146 3122	
Susan Baas	Manager, Market Assurance and Operations	s 9(2)(a)	✓
Kate Whitwell	Manager, Adaptation Legislation and Policy	s 9(2)(a)	
Sarah Croxford	Author		

The following departments/agencies have been consulted
Department of Conservation, the Department of the Prime Minister and Cabinet, the Treasury, Ministry of Business, Innovation, and Employment, National Emergency Management Agency, Department of Internal Affairs, Ministry for Primary Industries, Ministry for Regulation, Ministry of Housing and Urban Development, Ministry of Transport, Ministry of Social Development, Environmental Protection Authority (EPA), the Financial Markets Authority, the Office of the Privacy Commissioner, the Climate Change Interagency Executive Board, Ministry for Culture and Heritage, Ministry of Health, Te Puni Kōkiri, Ministry of Justice, Whaikaha, and Te Tari Whakatau.

Minister's office to complete:	☐ Approved	☐ Declined
☐ Noted	☐ Needs change	☐ Seen
☐ Overtaken by Events	☐ See Minister's Notes	☐ Withdrawn

Minister's Comments

BRIEFING

Climate Change Response Amendment Bill: Updated draft Cabinet paper for Ministerial consultation

Date:	3 June 2026	**Priority:**	Urgent
Security classification:	Classification	**Tracking number:**	26-BRF-01424

Key points

1. This briefing provides you with an updated version of the draft Cabinet package (Appendices 1 to 8) and seeks approval for Ministerial consultation.

2. We previously provided drafts of the Cabinet paper and delegated decisions (Appendices 1 – 4) [26-BRF-00790 refers]. We are now providing the additional documents required to support the paper through Cabinet (Appendices 5-8). These include drafts of the Consistency Accountability Statement (Appendix 7) and the Summary of Underpinning Analysis (Appendix 8), which are new requirements under the Regulatory Standards Act and must be shared as part of Ministerial consultation.

3. This briefing also summarises the substantive feedback that agencies provided and the related changes we have made. Most agencies were comfortable with the Cabinet paper. The Ministry of Justice, Te Puni Kōkiri, and the Treasury provided the most substantive feedback.

4. The appended versions of the Cabinet paper include changes following agency feedback and minor editorial adjustments. These changes correct a drafting error regarding the 'wash up' of industrial allocations made on the basis of projected data, reflect your recent decisions regarding the Bill going to the Finance and Expenditure Committee, and remove the reference to an introduction date following advice from the Leader of the House.

5. On 2 June 2026, Cabinet agreed to test support for the biennial Emissions Trading Scheme (ETS) settings proposal in the Bill, through 2026 ETS settings consultation [CAB-26-MIN-0188 refers]. s 9(2)(g)(i) [redacted]

6. We will incorporate feedback from Ministerial consultation into the Cabinet paper ahead of lodgement. If you are comfortable with the changes made to the Cabinet paper and supporting documents, we recommend conducting Ministerial consultation from 9 to 15 June 2026 and lodging the package on 18 June 2026.

Recommended action

The Ministry for the Environment recommends that you:

1. **Agree** for biennial ETS settings to:

   Either:

   i. Retain the proposal and decide after consultation whether to remove it post Bill introduction if testing shows there is not support for biennial settings. *Agree / Disagree*

   Or:

   ii. Remove the biennial proposal from the Bill before introduction with the option to reinsert it after ETS setting consultation if testing shows support for biennial settings. *Agree / Disagree*

2. **Approve** the draft Cabinet package for Ministerial consultation, subject to updates to reflect your decision on the NZ ETS biennial settings proposal *Approved / Not approved*

3. **Agree** to Ministerial consultation on the draft Cabinet package from 9 to 15 June 2026 *Agree / Disagree*

s 9(2)(a)

Kirsty Flannagan
General Manager, Markets
Climate Change and Resource Efficiency,
Ministry for the Environment

3 / 6 / 2026

Hon Simon Watts
Minister of Climate Change

___ / ___/ 2026

Background

1. The Climate Change Response Amendment Bill (the Bill) includes proposals to increase the efficiency and effectiveness of climate policy in New Zealand. The Bill also includes proposals to better prepare for and respond to the impacts of climate change. These changes provide greater certainty to support investment and economic growth.

2. The Bill brings together proposals across adaptation planning, market governance, efficiency, industrial allocation, carbon removals, forestry and technical amendments to the New Zealand Emissions Trading Scheme.

Agency consultation and other updates

3. From 15 to 25 May 2026, officials consulted agencies on the draft Cabinet package and made several amendments in response. We also incorporated the changes you requested to the previous draft [26-BRF-00790 refers].

4. We consulted with: Department of Conservation, the Department of the Prime Minister and Cabinet, the Treasury, Ministry of Business, Innovation, and Employment, National Emergency Management Agency, Department of Internal Affairs, Ministry for Primary Industries, Ministry for Regulation, Ministry of Housing and Urban Development, Ministry of Transport, Ministry of Social Development, Environmental Protection Authority (EPA), the Financial Markets Authority, the Office of the Privacy Commissioner, the Climate Change Interagency Executive Board, Ministry for Culture and Heritage, Ministry of Health, Te Puni Kōkiri, Ministry of Justice, Whaikaha, and Te Tari Whakatau.

5. Overall, agencies supported the paper. Table 1 below highlights the key areas of feedback, and the attached updated Cabinet package reflects these changes (Appendices 1-4).

NB: Table 1 contains a high-level summary of feedback received from agencies

Table 1: Agency feedback

Agency	***Theme***	***Response***
Treasury	Financial implications of additional policy decisions	Paragraph 5 now includes "[t]hese further decisions have no new financial implications for the Crown…"
Te Puni Kōkiri	Consistency with Treaty of Waitangi principles, Māori engagement and adaptation plan delegated decision detail	We have amended paragraph at 11.1 to explain why this Bill is consistent with the principles of the Treaty of Waitangi. We did not include biennial ETS settings in paragraph 15 as an example of proposals with limited pre-introduction testing because Cabinet agreed to consultation on the proposal [CAB-26-MIN-0188 refers].

Table 1: Agency feedback		
Agency	***Theme***	***Response***
		Further detail was not added to Appendix 1: Delegated decisions to keep within the format of the document.
Ministry of Justice	Human rights implications of the Bill	Paragraph 12 now includes: "This includes consideration of the provision to require unit market participants to record some additional trading information in the New Zealand Emissions Trading Register. These requirements are proportionate and reasonable to improve market transparency and strengthen market integrity."

6. Since we provided you with the first draft of the Cabinet paper on 14 May 2026 [26-BRF-00790 refers] we have included your decision to refer the Bill to the Finance and Expenditure Committee and removed the reference to an introduction date following the Leader of the House's advice.

7. This package also includes minor editorial and proofing changes, including adding one missing reference to a power that Cabinet agreed to in 2025 [CAB-25-MIN-0324 refers]. This power enables regulations to set an appropriately robust scientific approach for calculating methodological improvements to emissions estimates.

8. The further market governance policy decision to enable delegation to the Registrar under s9B has been removed from this version of the Cabinet paper, following further discussions with EPA, as they consider market governance functions should be delegated only to the EPA.

9. We have made a further addition to industrial allocation provisions through the Bill. This corrects a drafting error relating to the 'wash-up' of industrial allocation provided based on projected data.[1]

10. The correction ensures the wash-up will apply to all the allocation provided and not just to one financial year. This is consistent with previous Cabinet decisions and does not need further approval [CAB-25-MIN-0324 refers].

[1] The CCRA allows the Minister to set allocative baselines for new eligible activities and new products using projected data supplied by a firm and to subsequently make allocations for production. The CCRA requires those allocative baselines and allocations made to be adjusted in the second financial year once operational data is available. But the CCRA currently limits that allocation 'wash-up' to the first financial year, due to the way in which those financial years are defined, when the policy intention is for all relevant allocations made to be adjusted. It is possible, as will be the case for NZ Steel's electric arc furnace output, that allocation is made for production in the months before the first financial year begins.

Additional supporting documents

11. We are now providing additional documents required to support the paper to progress through Cabinet (Appendices 5-8).

12. The panel assessed the Supplementary Analysis Report: NZ ETS Settings Review Frequency (SAR) as complete and concise (Appendix 5). However, it noted that it did not fully meet the consultation requirement because timing constraints precluded full public consultation.

13. The Quality Assurance panel assessed the Regulatory Impact Statement: Adding emitting activities to the New Zealand Emissions Trading Scheme (RIS) as 'partially meets' criteria (Appendix 6). It reached this view because the absence of consultation on the preferred option was a material limitation that reduced confidence in the robustness of the analysis and advice, despite the overall quality of the RIS being high.

14. The Consistency Accountability Statement (CAS) (Appendix 7) and the Summary of Underpinning Analysis (Appendix 8) are new requirements under the Regulatory Standards Act 2025 (the Act). The draft versions of these documents must be shared as part of Ministerial consultation. The CAS confirms that officials have reviewed the legislation for consistency with the Act's principles. The Summary of Underpinning Analysis evaluates the Bill against section 9 of the Act, which sets out principles of responsible regulation.

15. This will be one of the first government bills subject to these new requirements. Consequently, we have been working closely with our legal team and have received the Ministry for Regulation's guidance on the content, tone, and level of detail in these documents. Either MfE's Chief Executive or a Deputy Secretary acting with delegated authority will sign off these documents before lodgement.

Biennial ETS Settings

16. On 2 June, Cabinet agreed to test support for the biennial Emissions Trading Scheme (ETS) settings proposal in the Bill, through 2026 ETS settings consultation [CAB-26-MIN-0188 refers]. Consultation is scheduled to start on 12 June and end on 12 July, after Cabinet consideration of the draft Bill and likely prior to introduction.

17. s 9(2)(g)(i) [redacted]

18. s 9(2)(g)(i) [redacted]:

s 9(2)(g)(i) [redacted]

19. s 9(2)(g)(i) [redacted]

20. s 9(2)(g)(i) [redacted]

Future Bill amendments

21. We have identified several matters that may require changes to the Bill through the Departmental Report provided at Select Committee. These will depend on future policy decisions or the passage of other legislation. We will provide further advice on these matters as the Bill progresses through the House.

22. s 9(2)(f)(iv) [redacted].

23. s 9(2)(f)(iv) [redacted]

s 9(2)(f)(iv) [redacted]

Next steps

24. We seek your approval of the updated draft Cabinet package for Ministerial consultation. We will update the Cabinet package to reflect your decision on the biennial ETS settings proposal before sending it to your Ministerial colleagues.

25. If you commence Ministerial consultation on 9 to 15 June 2026, we can lodge the Cabinet package on 18 June 2026.

26. Table 3 below sets out the proposed timeline for the Cabinet package and Bill following Ministerial consultation.

Table 3: Proposed timeline	
Date	***Action***
9-15 June 2026	Ministerial consultation on draft Cabinet paper package
17 June 2026	Briefing seeking your approval to lodge
18 June 2026	Lodgement of Cabinet paper package
25 June 2026	Cabinet Legislation Committee
29 June 2026	Cabinet
TBC	Introduction

Appendices

1. Draft Cabinet Paper (clean version)
2. Draft Cabinet Paper (tracked version)
3. Delegated Decisions (clean version)
4. Delegated Decision (tracked version)
5. Draft Cabinet paper - Appendix 2: Supplementary Analysis Report: NZ ETS Settings Review Frequency
6. Draft Cabinet paper - Appendix 3: Regulatory Impact Statement: Adding emitting activities to the New Zealand Emissions Trading Scheme
7. Draft Cabinet paper - Appendix 4: Consistency Accountability Statement
8. Draft Cabinet paper - Appendix 5: Summary of Underpinning Analysis

Ministry for the
Environment
Manatū Mō Te Taiao

BRIEFING

Climate Change Response Amendment Bill: Draft Cabinet paper

Date:	14 May 2026	**Priority:**	Medium
Security classification:	Classification	**Tracking number:**	26-BRF-00790

	Action sought	Response by
Hon Simon Watts **Minister of Climate Change**	Provide feedback on the draft Cabinet package; agree to the additional adaptation decisions and indicate which Select Committee the Bill should be referred to.	19 May 2026

Action for Minister's Office staff

Appendices and attachments
1. Additional decisions for adaptation planning proposals
2. Draft Cabinet paper- Climate Change Response Amendment Bill Approval for Introduction
3. Draft Cabinet paper - Delegated decisions
4. Climate Change Response Amendment Bill: Draft v3.7

Contact for telephone discussion (if required)

Name	Position	Telephone	1st contact
Katherine Wilson	General Manager, Adaptation	021 146 3122	
Kirsty Flannagan	General Manager, Markets	021 042 0264	
Kate Whitwell	Manager, Adaptation Legislation and Policy	s 9(2)(a)	✓
Susan Baas	Manager, Market Assurance and Operations	s 9(2)(a)	
Sophie Crawford	Author		

The following departments/agencies have been consulted

Minister's office to complete: ☐ Approved ☐ Declined

☐ Noted ☐ Needs change ☐ Seen

☐ Overtaken by Events ☐ See Minister's Notes ☐ Withdrawn

Minister's Comments

BRIEFING

Climate Change Response Amendment Bill: Draft Cabinet paper

Date:	14 May 2026	**Priority:**	Medium
Security classification:	Classification	**Tracking number:**	26-BRF-00790

Purpose

1. This briefing provides you with the draft Cabinet package to progress the Climate Change Response Amendment Bill (the Bill) to Cabinet for approval for introduction to the House. This draft is for your feedback, ahead of Ministerial consultation proposed for early June.

2. We are providing you with this draft package now to seek your agreement to additional adaptation policy decisions to include in the Bill at Introduction.

3. This briefing also seeks your direction regarding which Select Committee to refer the Bill to at introduction.

Key points

4. The Climate Change Response Amendment Bill (the Bill) includes proposals to increase the efficiency and effectiveness of climate policy in New Zealand. The Bill brings together proposals across adaptation planning, market governance, efficiency, industrial allocation, carbon removals, forestry and technical amendments to the New Zealand Emissions Trading Scheme.

5. We seek your agreement to six additional decisions intended to support the implementation of adaptation planning (as listed in Appendix 1). You are authorised to make these decisions under delegations from Cabinet as described in this briefing.

6. s 9(2)(f)(iv) [redacted]

7. In addition to further decisions required from you (Appendix 1), the draft Cabinet package is appended to this briefing including the draft Cabinet paper (Appendix 2), a list of delegated decisions for Cabinet's information (Appendix 3), and the current draft of the Bill (Appendix 4), for your feedback.

8. The attached version of the Bill does not yet reflect the additional adaptation decisions sought in this briefing and instead it reflects some earlier forms of these decisions. Nor does it reflect recent mitigation decisions taken in April 2026. These will be incorporated in the final draft to be provided to you in early June.

9. Bills amending the CCRA would usually be referred to the Environment Committee. However, the Finance and Expenditure Committee conducted the inquiry into climate change adaptation. At the time of the inquiry there was an expectation that it would also consider any resulting Adaptation Bill. Noting that the Bill now includes both adaptation and mitigation amendments, we seek your direction on your preferred Committee.

Recommended action

The Ministry for the Environment recommends that you:

1. **Note** that Appendix 1 seeks your agreement to six additional decisions to be made under authority delegated to you by Cabinet — *Noted*

2. **Agree** that the Bill is referred to:

   Either:

   i. the Environment Committee — *Agree / Disagree*

   Or:

   ii. the Finance and Expenditure Committee — *Agree / Disagree*

3. s 9(2)(f)(iv) — *Agree / Disagree*

4. **Provide** feedback on the attached draft Cabinet package — *Agree / Disagree*

s 9(2)(a)

Katherine Wilson
General Manager, Adaptation
Climate Change and Resource Efficiency,
Ministry for the Environment
14 / 5 / 2026

Hon Simon Watts
Minister of Climate Change

___ / ___/ 2026

s 9(2)(a)

Kirsty Flannagan
General Manager, Markets
Climate Change and Resource Efficiency,
Ministry for the Environment
14 / 5 / 2026

Context

10. The Climate Change Response Amendment Bill (the Bill) includes proposals to increase the efficiency and effectiveness of climate policy in New Zealand. The Bill also includes proposals to better prepare for and respond to the impacts of climate change. These changes provide greater certainty to support investment and economic growth.

11. The Bill brings together proposals across adaptation planning, market governance, efficiency, industrial allocation, carbon removals, forestry and technical amendments to the New Zealand Emissions Trading Scheme.

12. In March and September 2025, Cabinet made the core policy decisions that underpin the Bill's main workstreams and delegated authority to you to make additional decisions on specific matters. Specifically, Cabinet decided:

    i. in March 2025, to introduce new reporting and market conduct requirements for the New Zealand Emissions Trading Scheme (NZ ETS) market, improve market transparency and integrity and support market confidence [CAB-25-MIN-0086.01 refers]

    ii. in September 2025 [CAB-25-MIN-0324 refers], to:

        - require councils to undertake adaptation planning in priority locations
        - to increase the efficiency and effectiveness of the Climate Change Response Act 2002 (CCRA)
        - change the annual NZ ETS settings process to a biennial process
        - amend industrial allocation settings to reduce disincentives to invest and provide greater clarity
        - expand opportunities for additional carbon removal activities to be recognised by the ETS in the future
        - make forestry changes to improve disruption-related flexibility and the administration of extension applications.

13. In October 2025, you made decisions under delegation to streamline implementation of adaptation plans across planning instruments to avoid duplicating consultation processes, provide more certainty for implementation of adaptation plans and reduce costs to councils and communities [BRF-6881 refers].

14. You also decided in March and April 2026, to recommend further decisions to Cabinet for the efficiency, forestry, market governance and NZ ETS technical amendment workstreams [26-BRF-00850; 26-BRF-00544 refers].

15. The Bill has a legislative priority of Category 5, meaning that it is expected to be introduced before the 2026 General Election, but passed afterwards.

Draft Cabinet package

16. We seek your feedback on:

    i. the draft Cabinet paper (Appendix 2)

    ii. delegated decisions (Appendix 3) – these are the decisions that you have made under delegated authority, including those we are recommending in this paper. These decisions are related to adaptation, market governance and forestry and are proposed to be appended to the Cabinet paper

17. We have also provided the current draft of the Bill for your information (Appendix 4). This version does not yet include the additional decisions you have taken relating to adjusting the timing of the 2050 target review, changes to the method of updating an Emissions Reduction Plan, and enabling the Chief Executive (of the Ministry for the Environment/Ministry for Cities, Environment, Regions and Transport) to delegate functions under the CCRA to the Registrar. These changes will be included in the next draft of the Bill, alongside any additional adaptation decisions you take in this briefing.

18. The following documents will be included with the next version of the Cabinet paper you receive:

    i. The Regulatory Impact Statement to create a general power to add activities to the NZ ETS. This is currently being assessed by the Quality Assurance Panel.

    ii. The Supplementary Analysis Report for the biennial NZ ETS settings process. A regulatory impact assessment was required for the biennial NZ ETS settings process proposal but was not prepared for Cabinet policy decisions as the proposal was included late in the process. The Quality Assurance panel considers it partially meets their criteria.

    iii. The Consistency Accountability Statement.

Additional decisions for adaptation planning proposals

19. We seek your agreement to include six further policy decisions to be made under authority delegated to you from Cabinet. These decisions are listed in Appendix 1 and have emerged through continued policy development as the Bill has been drafted.

20. The first five decisions require your approval under delegated authority to make decisions consistent with the Cabinet paper on issues that arise during drafting [CAB-25-MIN-0324 refers].

21. The sixth decision requires your approval as Minister of Climate Change under delegated authority to make decisions to reduce process duplication and support efficient implementation of adaptation plans [Decision 8, CAB-25-MIN-0324 refers].

22. For Cabinet's information, these decisions are included in the delegated decisions appendix to the draft Cabinet paper (Appendix 3).

Select Committee referral

23. You can choose to refer this Bill to either the Environment Committee, or the Finance and Expenditure Committee.

24. Bills amending the CCRA would usually be referred to the Environment Committee. However, the Finance and Expenditure Committee conducted the inquiry into climate change adaptation. At the time of the inquiry there was an expectation that it would also consider any resulting Adaptation Bill. Noting that the Bill now includes both adaptation and mitigation amendments, we seek your direction on your preferred Committee.

25. The Environment Committee considers matters related to climate change, environmental regulation, and the legislative frameworks that govern them. The Finance and Expenditure Committee considers government economic policy, including taxation, public finance, and associated legislation.

26. Both committees have busy agendas, so their capacity to consider this Bill could be a consideration. For instance, currently the Environment Committee is considering, amongst other business, the Planning and the Natural Environment Bills.

27. Table 1, below, presents factors to consider for each committee.

Table 1: Comparison between Environment Committee and Finance and Expenditure Committee

	Environment Committee	***Finance and Expenditure committee***
Expertise	The Committee has appropriate expertise to consider the Bill, given its responsibility for conducting annual reviews of the environmental agencies that administer core climate change and emissions reduction functions.	The Committee has expertise across key economic and fiscal levers that are directly relevant to climate change policy.
Past experience with related topics	The Committee considers most bills related to climate change, including previous amendments to the CCRA. Subject matter considered at the Committee includes NZ ETS settings, industrial allocation, the first emissions reduction plan, and the emissions budgets.	Since 2007, this Committee has considered three bills related to climate change. The subject matter of these bills has specifically related to the NZ ETS. The Committee conducted the Inquiry into Climate Adaptation. This inquiry was considered by the Government in developing the National Adaptation Framework.
Committee membership	The Committee has broad representation, but New Zealand First and Te Pati Māori do not have designated membership.	The Committee includes representation from all political parties.

s 9(2)(f)(iv)

[redacted]

Next steps

34. We will send the draft Cabinet paper to agencies for consultation. Following this, we will incorporate feedback from you and agencies ahead of seeking your approval for Ministerial consultation to commence.

35. Officials will also continue working with PCO on the draft Bill and associated papers (e.g., the Regulatory Impact Statement and Consistency Accountability Statement), including to incorporate recent decisions, for inclusion in the next version of the draft Cabinet package that you will receive on 4 June.

36. Table 2, below, sets out the proposed timeline for the Cabinet package and Bill following agency consultation.

Table 2: Proposed timeline

Date	***Action***
15-25 May 2026	Officials undertake agency consultation

4 June 2026	Briefing seeking your approval to circulate the draft Cabinet paper and appendices for Ministerial consultation
9-15 June 2026	Ministerial consultation on draft Cabinet paper package
17 June 2026	Briefing seeking your approval to lodge
18 June 2026	Lodgement of Cabinet paper package
25 June 2026	Cabinet Legislation Committee
29 June 2026	Cabinet
TBC	Introduction

Appendices

1. Appendix 1: Additional decisions for adaptation planning proposals
2. Appendix 2: Draft Cabinet paper- Climate Change Response Amendment Bill Approval for Introduction
3. Appendix 3: Draft Cabinet paper - Delegated decisions
4. Appendix 4: Climate Change Response Amendment Bill: Draft v3.7

Appendix 1: Additional decisions for adaptation planning proposals

	Recommendation	***Rationale***
1	Require consultation	
	Require consultation with persons and organisations the Minister considers appropriate before making regulations in connection with adaptation planning *Agree / Disagree*	This is desirable given these regulations will affect a wide range of persons and organisations.
2	Public notification	
	Require territorial authorities to publicly notify the adoption of an adaptation plan *Agree / Disagree*	Under current policy decisions there is no statutory requirement for this notification to occur, and it is important that the public is informed promptly when a plan is adopted.
3	Have regard to relevant planning documents	
	Require territorial authorities to have regard to relevant planning documents under the Planning Act and Natural Environment Act (when enacted) when preparing an adaptation plan *Agree / Disagree*	Under current policy decisions this is discretionary. However, there needs to be a mandatory statutory requirement given the interconnectedness of land use planning and adaptation planning.
4	Allowing 10-year option	
	Allow an option for a regional spatial plan under the Planning Act (when enacted) to specify a period of 10 years for the adoption of an adaptation plan for a priority location. The current policy decision stipulates a 5-year period	This 5-year period would still apply as the default. However, there would be an option for the regional spatial plan to specify a 10-year period instead. This is to provide flexibility for regional spatial plans to identify priority locations that are important but not the top priority. Without this change, these lower-priority locations would likely not be identified until the next regional spatial plan is produced in 10 years, and there would be no requirement for the territorial authority to adopt an adaptation plan for these locations for a further 5 years after

	Agree / Disagree	that (i.e., 15 years after the adoption of the first regional spatial plan).
5	Simplify requirements for regulations	
	Allow for regulations to prescribe requirements for preparing, communicating, and adopting adaptation plans, rather than prescribing a specified list of matters that must be covered by regulations. *Agree / Disagree*	This change is intended to simplify the empowering provisions so they are wider and more flexible to ensure the Act's requirements can be operationalised
6	Territorial authorities making changes to an adaptation plan	
	Include a power for territorial authorities to make changes to an adaptation plan that are more than minor or technical, without needing to follow any procedural requirements other than those set by regulations. *Agree / disagree*	This is a change from your previous delegated decision to set additional procedural requirements (the special consultative procedure under the Local Government Act 2002) for reviews; we now consider providing a more flexible process in regulations would be more proportionate.

Ministry for the
Environment
Manatū Mō Te Taiao

BRIEFING

Next steps for the Climate Change Response Amendment Bill

Date:	12 March 2026	**Priority:**	Medium
Security classification:	Classification	**Tracking number:**	26-BRF-00371

	Action sought	**Response by**
Hon Simon Watts	**Agree** to progress the Bill along the proposed timeline set out in Table 1, while noting the implications of delay	16 March 2026

Click or tap here to enter text.

Action for Minister's Office staff
Forward to the Minister of Forestry.

Appendices and attachments
N/A

Contact for telephone discussion (if required)			
Name	**Position**	**Telephone**	**1st contact**
Katherine Wilson	General Manager, Adaptation	022 012 8669	
Kate Whitwell	Manager, Adaptation Legislation	s 9(2)(a)	✓
Sophie Crawford	Author		

The following departments/agencies have been consulted

Minister's office to complete:	☐ Approved	☐ Declined
☐ Noted	☐ Needs change	☐ Seen
☐ Overtaken by Events	☐ See Minister's Notes	☐ Withdrawn

Minister's Comments

BRIEFING

Next steps for the Climate Change Response Amendment Bill

Date:	12 March 2026	**Priority:**	Medium
Security classification:	Classification	**Tracking number:**	26-BRF-00371

Purpose

1. This briefing provides an update on the Climate Change Response (Climate Adaptation and Other Systems Improvements) Amendment Bill (the Bill) following Cabinet's decision to change its legislative priority. This briefing sets out a timeline for progressing the Bill in line with its new priority, and the implications of this revised timeline.

Key points

Cabinet has agreed to amend the legislative priority of the Bill from Category 3 to Category 5

2. A legislative priority of Category 5 means that the Bill will be introduced before the 2026 General Election but will be passed after the Election. Previously, the Bill's priority was Category 3, meaning it was to be passed before the Election.
3. Due to the change in priority of this Bill and others, Parliamentary Counsel Office (PCO) is reprioritising its resourcing to focus efforts on bills with higher legislative priority. In particular, PCO is focusing resourcing on bills relating to 2026 Budget decisions. This means that an introduction date of April for this Bill is no longer feasible.
4. Officials are now working to the goal of having the Bill referred to select committee before the Election. Table 1 sets out an updated timeline for the Bill.
5. We have just received a complete second draft of the Bill and will be working with PCO until June to complete the drafting process. Under the proposed timeline, we recommend the Bill is considered by Cabinet on 29 June, followed by an introduction date in early July.
6. As there is insufficient time to pass this Bill before the 2026 General Election, we no longer recommend requesting a shorter select committee process of four months rather than six months.

Delaying the introduction of the Bill to June has implications that we are working to mitigate

Implications for ETS forestry participants

7. If the Bill is not passed before February 2027, forestry participants will face deforestation tests four years after clearing from Cyclone Gabrielle, and MPI will not be able to provide them with extensions. This will have financial consequences for forestry participants s 9(2)(b)(ii)

s 9(2)(b)(ii) [redacted][1] [redacted]

8. s9(2)(f)(iv) [redacted]

s 9(2)(k) [redacted]

[redacted]

[redacted]

Implications for Planning and Natural Environment Bills

11. Delaying introduction of the Bill to June has implications for the adaptation planning provisions in the Planning and Natural Environment Bills that are currently before select committee, as these make specific reference to adaptation plans that would be made under the CCRA.

12. We are working through these implications and will provide you and the Minister for RMA Reform with further advice should any change be required, either to the Planning and Natural Environment Bills, or to the adaptation provisions in the CCRA Amendment Bill.

Implications for ETS settings

13. An additional consequence of the new timeline is that the shift to a biennial ETS settings process will not be in place for 2027, so ETS settings work for 2027 will be required. Following your approval of the new timeline in Table 1, officials will communicate this to the Climate Change Commission, as this could have implications for their advice on 2026 ETS settings. We will also work with your office should public communications be needed on this as the market and wider public may be expecting the Bill to have passed in time for the biennial settings cadence to begin from 2027.

Other implications

14. The delay to the Bill will also mean that a range of other changes, including market governance, efficiency cost savings, and process improvements will not be implemented until the Bill is passed.

s 9(2)(h) [redacted]

[redacted]

[1] s 9(2)(b)(ii) [redacted]

s 9(2)(h) [redacted]

Proposed timeline to progress the Bill

Table 1: Proposed timeline for Climate Change Response Amendment Bill

Date	***Milestone***
Until June	Drafting of the Bill by PCO
15 May-15 June	Agency and Ministerial consultation on draft Bill and LEG paper
18 June	Lodgement
25 June	Cabinet Legislation Committee
29 June	Cabinet
Week of 29 June	Introduction
Prior to House rising (date TBC)	First reading and referral to Select Committee
Preference for this to occur prior to the House rising (date TBC)	Select Committee calls for submissions
24 September	House rises; Bill lapses unless carried over
7 November	General Election
Following General Election (date TBC)	New Government sets legislative priorities for the new Parliament. If Bill re-introduced, the Select Committee could consider submissions received at this point.

Recommended action

The Ministry for the Environment recommends that you:

1. **Agree** to progress the Bill along the proposed timeline set out in Table 1

   Agree / Disagree

2. **Note** the implications of delay, for which officials are actively developing mitigation options

   Noted

3. **Refer** this briefing to the Minister of Forestry

   Agree / Disagree

s 9(2)(a)

Katherine Wilson
General Manager – Adaptation
Climate Change and Resource Efficiency, Ministry for the Environment

12 / 3 / 2026

Hon Simon Watts
Minister of Climate Change

___ / ___/ 2026

Ministry for the Environment
Manatū Mō Te Taiao

Briefing: Delegated decisions to support efficient implementation of adaptation plans

Date submitted: 17 October 2025
Tracking number: BRF-6881
Security level: Classification
MfE priority: Urgent

Actions sought from Ministers		
Name and position	***Action sought***	***Response by***
To Hon Simon WATTS **Minister of Climate Change**	Take decisions to support efficient implementation of adaptation plans.	23 October 2025

Actions for Minister's office staff
Forward the relevant appendices and this briefing to the offices of: **Minister of Transport** **Minister for Emergency Management and Recovery** **Minister for Local Government** **Return** the signed briefing to the Ministry for the Environment (ema.pct@mfe.govt.nz and advice@mfe.govt.nz).

Appendices and attachments

1. Proposals requiring agreement of the Minister of Climate Change only
2. Proposals requiring agreement of the Minister of Climate Change and the Minister for Local Government
3. Proposals requiring agreement of the Minister of Climate Change and the Minister for Emergency Management and Recovery
4. Proposals requiring agreement of the Minister of Climate Change and the Minister of Transport

Key contacts at Ministry for the Environment			
Position	***Name***	***Cell phone***	***First contact***
Principal Author	Georgia McCrory-Bowick		
Responsible Manager	Thomas O'Flaherty		
General Manager	Katherine Wilson	021 146 3122	✓

Minister's comments

Delegated decisions to support efficient implementation of adaptation plans

Key messages

1. On 22 September 2025, Cabinet agreed to progress legislative changes to require local government to prepare adaptation plans in priority locations (CAB-25-MIN-0324 refers).

2. Cabinet delegated authority to you, jointly with Ministers responsible for any relevant legislation, to make decisions to reduce process duplication and support efficient implementation of adaptation plans.

3. This briefing seeks your agreement to proposals which will streamline implementation across planning instruments to avoid duplicating consultation processes; provide more certainty for implementation of adaptation plans; and reduce costs to councils and communities.

4. The proposals would require changes to the Local Government Act 2002 (LGA), the Civil Defence Emergency Management Act 2002, the Emergency Management Bill or the resulting act, the Local Government (Water Services) Act 2025, the Land Transport Management Act 2003 (LTMA) and some planning instruments created by these Acts.

5. A key proposal, upon which further proposals rely, is that the preparation and review of adaptation plans require the use of the existing Special Consultative Procedure (SCP) (see proposal 1, Appendix 1) from the LGA. The SCP ensures a mandatory, formal process is followed where affected members of the public are consulted, including Māori. Further proposals seek to streamline consultation and decision-making processes where these would be substantively equivalent to that of the SCP. Without these subsequent amendments, communities would have repeated engagement on matters that had already been tested during the development of an adaptation plan.

6. We are seeking decisions on these proposals now, so that they may be included in drafting instructions for the Climate Change Response (Adaptation, Efficiency and Effectiveness) Amendment Bill (the Amendment Bill), or other legislation if appropriate.

Recommendations

We recommend that the **Minister of Climate Change**:

1. **agree** to proposal 1 in Appendix 1 that, at a minimum, consultation for adaptation plans use the special consultative procedure

Yes | No

2. **agree** to proposal 2 in Appendix 1 to clarify the special consultative procedure is not required when deeming an existing plan to be an adaptation plan

Yes | No

3. **agree** to proposal 3 in Appendix 1 to give the Minister of Climate Change a transitional power to deem existing plans to be adaptation plans, in particular circumstances

Yes | No

4. **agree** to proposal 4 in Appendix 1 to expressly enable councils to combine or run concurrent consultation prior to adopting an adaptation plan

Yes | No

5. **agree** to issue drafting instructions to the Parliamentary Counsel Office to give effect to the decisions in this briefing

Yes | No

We recommend that the **Minister of Climate Change** and the **Minister for Local Government**:

6. **agree** to proposals 1-3 in Appendix 2 to set in primary legislation reciprocal requirements for adaptation plans and water services strategies to have regard to each other, and make the other proposed amendments to the Local Government (Water Services) Act 2025 to ensure this approach can work effectively

Yes | No

7. **agree** to proposal 4 in Appendix 2 so councils can implement a decision to alter levels of service to implement an adaptation plan in certain conditions

Yes | No

8. s 9(2)(f)(iv) [redacted]

s 9(2)(f)(iv) [redacted]

We recommend that the **Minister of Climate Change** and the **Minister for Emergency Management and Recovery**:

10. **agree** to proposal 1 in Appendix 3 that allows targeted amendments to be made to a group plan (to be prepared under legislation resulting from the Emergency Management Bill) in order to implement adaptation plans without further consultation

Yes | No

We recommend that the **Minister of Climate Change** and the **Minister of Transport**:

11. **agree** to proposal 1 in Appendix 4 to allow for combined or concurrent consultation of an adaptation plan and regional land transport plans (under the Land Transport Management Act 2003)

Yes | No

Signatures

s 9(2)(a)

Katherine Wilson

General Manager – Adaptation
Environmental Management and Adaptation
17 October 2025

Hon Chris BISHOP

Minister of Transport
Date

Hon Mark MITCHELL

Minister of Emergency Management and Recovery
Date

Hon Simon WATTS

Minister of Climate Change
Date

Hon Simon WATTS

Minister for Local Government
Date

Delegated decisions to support efficient implementation of adaptation plans

Purpose

1. This briefing seeks joint Ministers' agreement to legislative changes to reduce duplication and increase efficiencies for local authorities implementing adaptation plans (see attached appendices).

Background

2. On 22 September 2025 Cabinet agreed to progress legislative changes to require local authorities to prepare adaptation plans in priority locations (CAB-25-MIN-0324 refers).

3. Cabinet also agreed to delegate decision making authority to you, jointly with Ministers responsible for any relevant legislation, to take decisions on amendments to that legislation to reduce process duplication and support efficient implementation of adaptation plans.

4. There are a number of reform programmes underway across government which will support efficient implementation of adaptation plans. These include:

   Resource management reform. These reforms are expected to create more efficient pathways for implementing adaptation plans by speeding up regulatory plans and reducing litigation risks. The reforms are also intended to streamline planning and consenting requirements, improve the management of natural hazard risk, and make response and recovery easier following an emergency

   a. Emergency Management System Reforms and Emergency Management System Improvements Programme, aimed at strengthening response and recovery capability

   b. Local government system improvements, aimed at supporting prioritisation of core services and improving efficiency of local government.

Proposed changes to enable efficient implementation of adaptation plans

5. The proposals recommended in this briefing complement the wider system reforms described above by focusing on further efficiencies which can be gained by removing duplicative consultation and streamlining processes.

6. Implementation of adaptation plans may be slowed or constrained by inefficient system settings, particularly those that require duplication of consultation and decision-making on the same or substantively similar matters. These proposals would reduce the cost and burden of inefficient consultation requirements on councils and communities, reduce

confusion, and protect the integrity and function of adaptation plans as a strategic planning and communication tool.

7. We recommend that local authorities be required to, at a minimum, use the SCP under the LGA for consultation on an adaptation plan (see Appendix 1). We consider that this process provides a level of engagement that justifies decisions and provides certainty for combined consultation processes.

8. Adaptation plans will document many key decisions about a community's future. For these decisions to be successfully implemented over time, a thorough consultation process is necessary. However, to avoid consultation fatigue and relitigating of difficult decisions through multiple statutory decision-making processes, we recommend a number of proposals to reduce duplicative process steps (attached appendices). The overall goal of these proposals is to ensure that substantive engagement occurs, but decisions are not required to be revisited multiple times.

9. By specifying a well-established consultation procedure as a minimum standard, the intent of consultation requirements in many other decision-making processes can be effectively achieved.

10. Officials analysed alternative options to improve implementation efficiency of adaptation plans. This analysis included retaining the status quo, striking out submissions, minimising process requirements, adding system efficiencies, and reducing and removing duplicative consultation requirements at the implementation phase entirely.

11. Retaining the status quo, and not proceeding with the further amendments we recommend, communities would have repeated engagement on matters that had already been tested during the five-year window for developing an adaptation plan.

12. Other options significantly increased the risk of not providing adequate consultation opportunities for people who may be impacted by adaptation planning decisions, or would be administratively complex to design, for relatively small benefit.

13. The Ministry will also develop guidance, including to support councils to utilise existing mechanisms under the LGA for the development and implementation of adaptation plans. s 9(2)(f)(iv) [redacted]

The efficiency proposals require amending legislation in other Ministerial portfolios

14. Implementing the efficiencies outlined in the appendices requires amendments to the Climate Change Response Act and also to legislation in other Ministerial portfolios. These proposals relate to the Local Government Act 2002 (LGA), the Emergency Management Bill or the resulting Act, the Local Government (Water Services) Act 2025 (LGWSA), the Land Transport Management Act 2003 (LTMA).

15. If you agree with these proposals, we recommend you forward this briefing and the relevant appendix to the responsible Minister to seek their agreement.

16. Both local government reform and emergency management reforms are progressing through legislative stages. If you agree to these proposals, we will work with the relevant agency and the Parliamentary Counsel Office to identify which legislative vehicle is most appropriate for the various amendments.

Te Tiriti analysis

17. The proposals in the appendices are supported by the SCP (see Appendix 1). The SCP ensures a mandatory, formal process is followed, including in the context of Māori participation provisions in the LGA. Regulations will set out additional detailed requirements for early consultation, including consideration of the needs of rural, Māori and urban communities. Iwi management plans will also need to be taken into account in adaptation plan development.

18. s 9(2)(g)(i) [redacted]

19. The proposals in this briefing relating to reduced duplication are not intended to substantially alter or undermine existing consultation provisions for Māori. Rather, streamlining consultation processes is expected to reduce pressure on communities and Māori while still ensuring their involvement.

20. s 9(2)(f)(iv) [redacted]

21. s 9(2)(f)(iv) [redacted]

Other considerations

Consultation and engagement

22. Officials have worked closely with local government practitioners with adaptation expertise to test our proposals throughout development, and have engaged with Ministry of Transport, the New Zealand Transport Agency, Department of Internal Affairs (DIA) (including their legal team), the National Emergency Management Agency (NEMA) and Te Puni Kōkiri.

23. We are working closely with NEMA and DIA to ensure that our proposals align with their respective reform programmes. NEMA and Ministry of Transport are supportive of proposals set out in Appendix 3 and 4 respectively.

[redacted] s 9(2)(f)(iv) [redacted]

24. DIA is supportive of the intent to reduce duplicative consultation and minimise consultation where appropriate. DIA agrees that the SCP acts as a safeguard which strengthens subsequent proposals. DIA has also provided extensive support on the development of options related to the LGA and the Local Government (Water Services) Act (2025), particularly proposal 1, Appendix 2, which requires water service strategies and adaptation plans to have regard to one another.

25. DIA noted, however, there could be greater efficiency gains for the proposals under Appendix 1 and 2 if these are addressed at the system level, potentially through the Local Government System Improvements programme, as these issues are not unique to adaptation plans.

26. Officials have worked closely with local government practitioners with adaptation expertise to support the development of these proposals.

27. We have also engaged with NICF and Te Tai Kaha and are waiting on their response.

Next steps

28. If Ministers agree to the proposals in this briefing, the Ministry will instruct PCO to include these proposals alongside those agreed earlier through Cabinet and draft for inclusion in the Climate Change (Adaptation, Efficiency and Effectiveness) Amendment Bill, or other legislative vehicles if necessary.

29. s 9(2)(f)(iv) [redacted]

Appendix 1: Proposals relating to Climate Change Response Act 2002 (Minister for Climate Change)

	Proposal	Policy Intent	Advice
1.	**Consultation for the preparation and review of adaptation plans must use the special consultative procedure** (SCP) as prescribed in s83 of the Local Government Act (LGA).	Establishes the special consultative procedure (SCP) as a baseline for consultation on adaptation plans. Regulations will provide additional consultation detail, including in relation to the needs of rural, Māori and urban communities	The SCP provides a mandatory, formal process for decisions of high significance, ensuring a robust and consistent method of public engagement when developing or reviewing an adaptation plan. This well-established process enables access to existing provisions to combine or run concurrent consultation processes with long term plans.
2.	**Territorial authorities are not required to use** the SCP when it deems an existing adaptation planning document to be an adaptation plan under the CCRA	Clarifies that local authorities do not need to repeat the special consultation procedure to be deemed an 'adaptation plan'. Deemed plans that have not used the SCP will not be able to access the suite of efficiency proposals set out in this appendix.	This approach ensures councils who have already undertaken significant engagement with their communities are not required to repeat that work to prepare an adaptation plan.
3.	As a transitional power, enable the **Minister of Climate Change to deem plans as adaptation plans**, in particular circumstances.	Provides for the Minister to recognise adaptation plans that are in development during the transition phase. Local authorities may, within two years of the legislation passing, request the Minister deem an 'adaptation plan. The Minister would need to be satisfied that a local authority had substantively advanced adaptation planning in a location, had completed or substantively advanced consultation, and that the plan would otherwise meet the requirements for a deemed plan but had not been adopted prior to the passing of the Amendment Bill.	Ensures well advanced adaptation plans have an avenue to be deemed a plan under the CCRA, reducing costs and inefficiencies from re-consultation/ re-evaluation. Some of the risks of giving power to a single minister to deem a plan are offset by limits to the timeframe, scope and circumstances of the power – this includes limiting the power to only be exercised when requested by a local authority.

	Proposal	Policy Intent	Advice
4.	Better **enable adaptation plan consultation to be combined with other relevant consultations**	Clarify that local government can combine or run concurrent consultation involving adaptation plans utilising s83A of the LGA (Combined and Concurrent consultation). Consultation material must clearly specify that concurrent or combined consultation is occurring and which authority will make decisions on the respective matters being consulted on. Joint consultation may also occur with the relevant Regional Land Transport Committees, and Emergency Management Group (or any other relevant statutory committee).	This reduces consultation demands on submitters and provides more joined-up view of changes. It also reduces administrative costs and time to prepare multiple consultation processes, while the respective decision-makers retain their obligations and responsibilities. This change may simplify processes and encourage greater collaboration between councils.

Appendix 2. Proposals relating to Local Government (Water Services) Act 2025 (Minister for Local Government)

	Proposal	Policy Intent	Advice
1.	**Water service strategies and adaptation plans to have reciprocal requirement to have regard to each other**	Set in primary legislation reciprocal requirements for adaptation plans and water services strategies to have regard to each other – similar to the relationship between adaptation plans and long-term plans that has already been agreed.	Given the likely connections between adaptation plans and water services strategies (which will cover financial, infrastructure, service level, and performance information about water supply, wastewater and stormwater services), it is necessary to ensure these documents are also required to have regard to each other. This will be particularly important in situations where a territorial authority is preparing an adaptation plan, but a separate water organisation is responsible for water services.
2.	**Require water services strategies to include strategic information relating to a territorial authority's adaptation planning in the water service provider's service area**	Ensure connections are made between the strategic content of water services strategies and adaptation planning across a water service provider's service area – particularly in situations where the provider is not the same body as the territorial authority responsible for an adaptation plan.	Ensures information is included in a water services strategy on all of the relevant territorial authority adaptation plans.
3.	Include references to adaptation planning in the following documents relevant to **water organisations:** • **transfer agreements;** • **statement of expectations;**	In situations where a water organisation is the water service provider in a territorial authority's district, matters of shared interest – relating to adaptation planning – are recognised and provided for. This could be done by amending the Local Government (Water Services) Act to include references to adaptation planning in the following documents that apply to water organisations:	Under the Local Government (Water Services) Act 2025, territorial authorities can establish or become shareholders in separate water organisations, and transfer responsibilities for providing one or more water services to those organisations. The Act recognises situations where there need to be connections between the roles and responsibilities of a water organisation and the territorial authority (or authorities), including references to the territorial

	Proposal	Policy Intent	Advice
	• **trust deeds;** **and in the process requirements that apply when a water organisation prepares its water services strategy**	• Transfer agreements, which must be prepared and adopted by each territorial authority that is seeking to transfer responsibilities for water services to a water organisation – and which must include the arrangements to be put in place to deal with matters of shared interest between the territorial authority and water organisation. [Schedule 2, clause 5] • Statement of expectations, which shareholders use to set their expectations and requirements for their water organisation every three years – and which inform the preparation of its water services strategy. [Section 227] • Trust deeds, which must be prepared by a territorial authority that establishes a consumer trust to become a shareholder in a water organisation. [Section 52]	authority's resource management planning and land use planning. Extend references to territorial authority's adaptation planning, so a coherent and integrated approach can be taken. This will, help to mitigate the risk of adaptation planning and water service planning occurring in isolation, and ensure water organisations (which will hold most of the local expertise in water services) are actively involved in the adaptation planning. The amendments would also address the risk that a water organisation may be solely owned by trustees in a consumer trust, and territorial authorities have limited mechanisms for engaging with the organisation about adaptation planning because they are not shareholders.
4.	Enable councils to **alter levels of service to implement an adaptation plan** when specified triggers are met, even if that service level alteration has not yet been included in a long-term plan. Note: This proposal could also be made as an amendment to the CCRA	S97(1)(a) of the LGA <u>would not apply</u> in these particular circumstances: - where an adaptation plan has identified a significant change to levels of services - in response to a threshold or trigger point being met (including a disaster event) or being earlier than anticipated in an LTP - within three years of the adaptation plan's adoption (changes after this time would be included in the next long term plan). Consultation would be required to be undertaken with impacted persons, interests and Māori before taking a decision (at a minimum, applying s82 consultation	Enables decisions to be implemented in urgent situations without needing to amend a long-term plan – thereby reducing costs and time associated with that process, and aiding recovery. Ensures consultation is undertaken with impacted parties before taking a decision (and builds off consultation already undertaken via an adaptation plan). s 9(2)(f)(iv) [redacted]

	Proposal	Policy Intent	Advice
		principles under the LGA and complying with any applicable treaty settlement provisions.) For clarity, this provision does not apply to decisions to cease an activity or withdraw services; nor does it apply to any of the three water services (refer the Local Government (Water Services) Act 2025). The likely impacted services would be roading and community facilities, and, potentially, flood protection works	s 9(2)(f)(iv) [redacted] s 9(2)(f)(iv) [redacted]

Appendix 3: Proposals relating to Emergency Management (Minister for Emergency Management and Recovery)

	Proposal	Policy Intent	Advice
1.	**Treat Adaptation Plan related changes as 'targeted amendments'**	Enable adaptation plans to utilise the provisions in the Emergency Management Bill that establish streamlined pathway for amending Group Plans. Clarify that the Group plan 'targeted amendments' also includes those necessary to implement an adaptation plan (while retaining limitations on scope established in the EM Bill). In the EM Bill, consultation on targeted amendments is required to comply with the LGA.	This removes uncertainty and simplifies the process for updating a Group Plan where it is implementing an adaptation plan. If an adaptation plan requires more than a targeted amendment then standard review provisions for Group plans would apply. The Group can determine the most efficient time to undertake that process.

Appendix 4: Proposals relating to Land Transport Management Act 2003 (Minister of Transport)

	Proposal	Policy Intent	Advice
1.	Amend LTMA to **allow for combined or concurrent consultation of an Adaptation Plan and Regional Land Transport Plan (RLTP)**	Enable combined or concurrent consultation on an Adaptation Plan and RLTP, including a variation to an RLTP. A decision to combine or run concurrent consultation would be at the discretion of the relevant authorities, and with agreement by the Regional Land Transport Committee. Final decisions under each process would need to be taken by the respective council in order to meet their legislative obligations. Any specific provisions relating to consultation or participation (including with Māori) under either legislation continue to apply.	Allows reduced duplication of consultation on related matters. Consultation on an RLTP broadly follows the same LGA process requirements as proposed for Adaptation plans, as processes are equivalent in scope and accessibility. Provides for clear consideration of issues, options and implications across multiple decisions – improving visibility for submitters and decision makers. May lead to improved process for submitters and Māori communities.

Ministry for the Environment
Manatū Mō Te Taiao

BRIEFING

Further policy decisions for the Climate Change Response Amendment Bill

Date:	30 April 2026	**Priority:**	High
Security classification:	Classification	**Tracking number:**	26-BRF-00850

	Action sought	Response by
Hon Simon Watts **Minister of Climate Change**	**Agree** to the recommended actions.	5 May 2026

Action for Minister's Office staff
Return the signed briefing to the Ministry for the Environment (advice@mfe.govt.nz).

Contact for telephone discussion (if required)			
Name	**Position**	**Telephone**	**1st contact**
Stephen Goodman	General Manager – Climate Mitigation	021 238 5678	✓
Kirsty Flannagan	General Manager – Markets	021 042 0264	

The following departments/agencies have been consulted
N/A

Minister's office to complete:	☐ Approved	☐ Declined
☐ Noted	☐ Needs change	☐ Seen
☐ Overtaken by Events	☐ See Minister's Notes	☐ Withdrawn

Minister's Comments

Ministry for the Environment
Manatū Mō Te Taiao

BRIEFING

Further policy decisions for the Climate Change Response Amendment Bill

Date:	30 April 2026	**Priority:**	High
Security classification:	Classification	**Tracking number:**	26-BRF-00850

Purpose

1. This briefing seeks your agreement to three policy decisions to address issues that have arisen during the drafting of the Bill.

Key points

2. Cabinet made a series of decisions to amend the Climate Change Response Act (the Act) in September 2025.
3. During drafting of the Bill, three issues have emerged that require clarification or minor changes to the policy intent that was initially agreed by Cabinet. They are:
    a. the timing of the 2041 review of the 2050 target,
    b. the process for updating an emissions reduction plan, and
    c. an additional delegation power for the chief executive.
4. You also previously agreed to include a general power to add new mandatory activities to Schedule 3 via Order in Council, which is an important change to ensure the Act can respond efficiently to new emitting activities as New Zealand's economy evolves. We have progressed this and now seek your approval to seek Cabinet approval for this via the Cabinet Legislation paper.
5. Subject to your agreement, Cabinet approval will be sought through the Cabinet Legislation paper that seeks approval for introduction of the Bill.

Recommended action

1. **Agree** to adjust the timing of the 2050 target review from 2041 to 2040 — Agree / Disagree
2. **Agree** to not require an amendment to an ERP to be presented to the House of Representatives — Agree / Disagree
3. **Agree** to amend section 9B of the Climate Change Response Act 2002 to enable the chief executive to delegate functions, duties and powers under the Act to the Registrar — Agree / Disagree
4. **Agree** to include the general power to add new mandatory activities to Schedule 3 of the Act in the Cabinet Legislation Paper — Agree / Disagree

s 9(2)(a)

Stephen Goodman
General Manager
Climate Mitigation, Ministry for the Environment
29 / 04 / 2026

Hon Simon Watts
Minister of Climate Change

___ / ___/ 2026

Background

1. Officials have been working with PCO to draft the Climate Change Response Amendment Bill (the Bill) to give effect to decisions in September 2025 to amend the Climate Change Response Act [CAB-25-MIN-0324 refers].
2. Drafting of the Bill has identified three areas that require clarification or minor changes to what was initially agreed by Cabinet. This briefing seeks your agreement to address these.
3. In addition, the Bill also gives effect to your previous agreement to create a general power to add new mandatory activities to Schedule 3 via Order in Council (refer paragraphs 13-17 below).

Timing of the 2041 review of the 2050 target

4. Cabinet previously agreed to improve the timing of five-yearly reviews of the 2050 target so that they better sequence with emissions budget advice and decisions, and the publication of emission reductions plans (ERPs) (CAB-25-MIN-0324 refers). This change means that the Climate Change Commission's 2050 target advice happens in the first year of a new emission budget with reviews due by 31 December in 2031, 2036, 2041 and 2046.
5. The Climate Change Response (2050 Target and Other Matters) Amendment Bill that was passed last year introduced an additional review of the methane target in 2040. This review must assess whether the methane target is relevant and recommend a target for the reduction of biogenic methane emissions below 2017 levels.
6. Officials consider there is value in aligning the timing of both reviews to allow them to be considered together by the Minister of Climate Change.
7. To achieve this, officials recommend adjusting the timing of the 2050 target review that would have occurred in 2041 so that it happens in 2040 instead.

Updating an emissions reduction plan

8. Cabinet previously agreed to improve the process for updating an ERP (CAB-25-MIN-0324 refers). The Cabinet paper stated that in making an amendment, there would be "discretion on how changes are documented including but not limited to making publicly available, presenting to the House or noting the amendment in the Government response to the ERM report".
9. While the Cabinet mandate is relatively broad, and provides discretion for the Minister's approach, officials have re-assessed the need for an amended ERP to be presented to the House of Representatives. This is now considered as an unnecessary process step because all amendments made to an ERP during the year must be noted in the

Minister's formal response to the Commission's emissions reduction morning report. This response is then required to be presented to the House of Representatives.

Additional delegation power

10. We are also seeking your agreement to amend section 9B of the Act to enable the chief executive of the Ministry for the Environment (MfE) to delegate functions, duties and powers to the Registrar of the New Zealand Emissions Trading Register (the Register) in addition to the Environmental Protection Authority (EPA).

11. Cabinet agreed that MfE and the EPA would act as market monitors for market governance within baseline funding [CAB-25-MIN-0086.01 refers]. MfE will be the initial market monitor, including administering the administrative penalties. MfE may delegate some or all of this role to the EPA in the future when Register reporting is implemented [BRF-6768 refers].

12. Section 9B currently allows delegation only to the EPA. The Registrar has separate functions under the Act and is not covered by the current delegation power. An additional delegation power is therefore needed to enable delegation to the Registrar. This will provide legal certainty and align operational responsibilities with statutory roles, including monitoring, information sharing and penalties relating to market governance.

Proposed general power to add new mandatory activities to Schedule 3 via Order in Council

13. In October 2025, you agreed to create a general power in the CCRA to enable the Minister of Climate Change to add new mandatory activities to Schedule 3 of the Act with appropriate safeguards via Order in Council [BRF-6887 refers]. This will enable a more efficient approach to adding new emitting activities that may emerge as New Zealand's economy evolves.

14. Officials have progressed work on this since October and have consulted the EPA, Ministry for Primary Industries, Ministry of Business, Innovation and Employment, the Treasury, Ministry of Transport on the proposal to add a general power. Officials have incorporated this feedback where feasible, particularly around clarifying key design and implementation dependencies. Where feedback has not been adopted, this is because it would materially increase risk.

15. The EPA raised concerns about implementation timing due to the development freeze imposed on the NZ ETS Register. Officials propose managing this by ensuring the commencement date for any new mandatory activity aligns with the ETS Register's operational readiness and system capability.

16. We seek your agreement to include this proposal in the Cabinet Legislation paper that seeks approval for introduction of the Bill.

17. Following your approval to include the general power work in the Cabinet Legislation Paper, officials will send finalised drafting instructions to PCO.

Next steps

18. Subject to your agreement to the recommendations, Cabinet approval will be sought through the Cabinet Legislation paper in late June that seeks approval for introduction of the Bill.

Ministry for the Environment
Manatū Mō Te Taiao

Ministry for Primary Industries
Manatū Ahu Matua

To: Hon Todd McClay, Minister of Forestry and Hon Simon Watts, Minister of Climate Change

From: Olivia Sullivan, Director Forestry System, Te Uru Rākau – New Zealand Forest Service, Ministry for Primary Industries
Kirsty Flannagan, General Manager, Markets, Ministry for the Environment

Further policy decisions to improve the administration of forestry in the Emissions Trading Scheme via changes to the Climate Change Response Act 2002

Date	18 March 2026	**Reference**	B26-0147 26-BRF-00544

Date decision required by
23 March 2026

Purpose

- This briefing seeks your agreement for five additional minor and technical proposals to be included in the Climate Change Response Amendment Bill (the Bill).

Context

1. In September last year, Cabinet agreed to changes to the Climate Change Response Act 2002 (the Act) including technical improvements to the administration of forestry in the Emissions Trading Scheme (ETS) [CAB 25-MIN-0324 refers].

2. The resulting Bill is Category 5 on the Legislation Programme. Last week, you each received separate advice on the implications of the new Bill timeline for your portfolios (26-BRF-00371 *Next steps for the Climate Change Response Amendment Bill* and MO26-0062 *Risks for foresters from reprioritisation of CCRA Amendment* Bill refer).

3. Regardless of the timing of the Bill, there is an opportunity to continue making technical and minor improvements before the Bill is introduced.

Proposals

4. The ETS requires foresters to re-establish forest species to certain thresholds within four, ten, and twenty years following clearing (for example, harvest).[1] If the land does

[1] Climate Change Response Act 2002 (CCRA), s 179.

not pass these brightline tests, the land is deemed deforested, which creates surrender obligations for foresters.[2]

5. Cabinet agreed to include three-year extensions to these deforestation tests to allow more time to re-establish forest following a significant disruption [CAB 25-MIN-0324 refers]. Cabinet also authorised you to make further policy decisions to clarify the detail of these proposals.

6. To ensure these extensions work as intended, officials recommend clarifying that the timing of existing deforestation tests be reset when the land is cleared, or is required to be cleared,[3] due to circumstances outside a forester's control and that:
   a) foresters must apply to the regulator before the deadline of the next deforestation test;[4]
   b) the regulator must be satisfied that the land was cleared due to circumstances outside the forester's control; and
   c) the forester may also apply for three-year extensions to the deforestation tests, as previously agreed by Cabinet [CAB 25-MIN-0324 refers].

7. Resetting deforestation tests is low-risk because deforestation liabilities are not incorporated into baselines, so there is no cost to the Crown and land is not considered deforested under international accounting rules unless the land use changes from forest land to another land use. The Act already includes provisions which decouple natural or accidental clearance events from New Zealand Unit (NZU) flows.[5]

8. Widespread use of resetting deforestation test timeframes and the three year extension may affect NZU flows. This is anticipated to be similar to how deforestation already affects NZU flows because the overall liability does not change.

9. Officials consider the benefits of the proposal outweigh any risk at the national level as there is only likely to be a marginal impact on NZU flows. For foresters, resetting the deforestation tests will support fairness by reducing liabilities following significant disruptions, providing more certainty for forest establishment which contributes to meeting emissions budgets and targets.

10. Table One sets out additional minor and technical proposals 2 to 4 to improve the forestry content of the Bill.

Next steps

11. If you agree to the recommendations, drafting instructions will be sent to the Parliamentary Counsel Office to draft these changes into the Bill for agreement by the Cabinet Legislation Committee.

[2] The surrender obligation for deforesting pre-1990 forest will depend on the age of the forest and the forest type cleared from the land. For post-1989 forest land, the deforested land must be deregistered and the unit balance of that land surrendered, which is the net number of units received by the forest since registration.
[3] For example, to clear windthrow and trees that have been damaged but not killed.
[4] This allows the regulator to better keep track of which land is deforested and which land is not.
[5] For example, post-1989 forest land can access the Temporary Adverse Event Suspension provisions which pauses carbon accounting until the forest returns to the pre-event carbon stock.

Table One: Additional minor and technical proposals

Proposal	Agreed/existing provision	Risk	Recommendation
Clarifying minor details of policy decisions already agreed by Cabinet Cabinet authorised the Ministers of Climate Change and Forestry to make further policy decisions if needed to clarify the detail of proposals consistent with Cabinet's decisions.			
Proposal 2: Extensions to deadlines when the Minister issues a significant disruption notice	The Environmental Protection Authority may approve extensions to various ETS application deadlines if a person's home, business or forest land is affected by a significant disruption. A significant disruption would be where a state of emergency is declared or in a situation specified by a Ministerial notice. The application for an extension must be made before the relevant ETS deadline occurs.	If a Ministerial notice of a significant disruption is made after the deadline it relates to, then this would prevent people from benefiting from an extension. This could happen when the significant disruption and deadline happen close to each other.	Allow the Ministerial notice to specify a later deadline for applying for an extension.
Proposal 3: Three-year extensions to deforestation tests to also apply to offsetting and temporary adverse event suspension land	A forester can apply for three-year extensions to deforestation tests to establish young trees where land, access to land, and/or supply chains are disrupted by a significant disruption such as a severe weather event.	Policy decisions to date do not cover forest reestablishment deadlines for offsetting land (where forest land is re-established in an alternative location) or post-1989 land for which carbon accounting has been paused under Temporary Adverse Event Suspension provisions.	Expand the three-year extension provision to pre-1990 or post-1989 offsetting land or land subject to a temporary adverse event suspension.
Additional minor and technical proposals for in-principle decisions The Cabinet Legislation Committee can make additional policy decisions for inclusion in the Bill when they consider the Bill for introduction to the House. Parliamentary Counsel Office (PCO) has indicated that they are comfortable drafting technical and minor policy proposals into the Bill for Cabinet's agreement prior to introduction. The following proposals have received exemptions from regulatory impact analysis.			

Proposal	Agreed/existing provision	Risk	Recommendation
Proposal 4: Clarifying land use capability (LUC) class 6 permit expiry	From 1 January 2027, there is a ballot system for allocating permits to apply to register exotic forests on LUC class 6 land in the ETS.[6] Permits are valid for three years. However, a permit may be used for up to six years if the regulator is satisfied that a temporary adverse weather event or similar circumstances materially disrupted the applicant's ability to register forest land before the expiry date.	The Act does not require the person to apply for this extension or notify the regulator of their intent to use a permit after the three-year expiry. This is challenging to operationalise and to report on permit usage because the regulator will not know if a permit will be used for up to six years.	Require a person that intends to rely on an extension to notify the regulator of this intention before the original three-year expiry date of the permit.
Proposal 5: Closing a double credit loophole when moving standard forest to permanent forestry	When standard forests that use averaging accounting change activity to permanent forestry, which is on stock change accounting, there is a surrender obligation to avoid participants earning units twice. This currently applies to subsequent rotation forest (meaning a second or later rotation).	It is possible that forest land could change from standard to permanent forestry on its first rotation in a way that would allow participants to earn twice the units they should be entitled to for a portion of the carbon sequestered in their forest. For example, if the forest transitions from predominantly exotic (higher carbon) to indigenous trees (lower carbon when young) on the first rotation.	Extend the requirement to surrender units when changing to the permanent category to first rotation forests.

[6] Climate Change Response Act 2002, s 190KY, as introduced by the Climate Change Response (Emissions Trading Scheme—Forestry Conversion) Amendment Act 2025.

Recommendations

It is recommended that you:

Proposal 1: The application of deforestation test timeframes

1. **Agree** that existing deforestation test timeframes may be re-started if the regulator is satisfied that standing trees were cleared, or required to be cleared, by an event outside a forester's control and the forester applies to the regulator before the deadline of the next deforestation test. The deforestation test timeframes would begin from when the clearing occurred and the land would not be considered deforested until after the forest land failed to meet the thresholds on the new timeframes;

YES / NO

2. **Agree** to insert an empowering provision to make regulations that prescribe the type of clearance events outside of a forester's control and to prescribe other administrative requirements necessary to implement the resetting of deforestation timeframes;

YES / NO

3. **Agree** that foresters may access both the provision to reset deforestation test timing and the provision previously agreed by Cabinet to extend deforestation tests by three years, according to their circumstances;

YES / NO

Proposals 2 and 3: Additional decisions for forestry in the Emissions Trading Scheme (ETS) related to Cabinet decisions already taken

4. **Agree** that a significant disruption notice may also provide for an amended deadline for applications for an extension if warranted in the circumstances;

YES / NO

5. **Agree** that the Environmental Protection Authority may approve an application for an extension of up to three years to the offset date, or re-establishment date when pre-1990 or post-1989 offsetting land or land subject to a temporary adverse event suspension is subject to a disruption that delays forest land re-establishment;

YES / NO

Proposals 4 and 5: Additional minor and technical proposals

6. **Agree** to require a person who intends to apply to enter forest land in the ETS using a Land Use Capability class 6 permit after the original three-year period due to temporary adverse weather events, to notify the regulator of this before the expiry date of the permit;

YES / NO

7. **Agree** to extend the requirement to surrender units when changing from the post-1989 standard forestry activity to the post-1989 permanent forestry activity to first rotation forests.

YES / NO

s 9(2)(a)

Olivia Sullivan
Director Forestry System
Te Uru Rākau – New Zealand Forest Service
Ministry for Primary Industries

Hon Todd McClay
Minister of Forestry

/ / 2026

s 9(2)(a)

Kirsty Flannagan
General Manager Markets
Ministry for the Environment

Hon Simon Watts
Minister of Climate Change

/ / 2026

Ministry for the Environment
Manatū Mō Te Taiao

A general power to add activities into the NZ ETS and meeting with Southland Silicon Materials Limited

Date submitted: 9 October 2025
Security level: Policy and Privacy
MfE Priority: Urgent

Actions sought from ministers		
Name and position	***Action sought***	***Response by***
To Hon Simon WATTS **Minister of Climate Change**	**Agree** to progress a general power for the Minister of Climate Change to add activities (excluding agriculture) to the NZ ETS, and look to include this change in the CCRA Bill **Note** talking points for the meeting with Southland Silicon Materials are attached at Appendix One	16 October 2025

Actions for Minister's Office staff
Return the signed briefing to the Ministry for the Environment (advice@mfe.govt.nz).

Appendices and attachments
1. Talking points to support your meeting with Southland Silicon Materials Limited

Key contacts at Ministry for the Environment			
Position	***Name***	***Cell phone***	***First contact***
Principal Author	Emily Richardson		
Responsible Manager	Simon Mandal-Johnson	s 9(2)(a)	✓
General Manager	Kirsty Flannagan		

A general power to add activities into the NZ ETS and meeting with Southland Silicon Materials Limited

Key Messages

1. This paper seeks your agreement to progress work to create a general power for the Minister of Climate Change to add new forms of emitting activities (excluding agriculture) into the New Zealand Emissions Trading Scheme (NZ ETS) as part of the forthcoming *Climate Change Response (Efficiency and Effectiveness) Amendment Bill* (CCRA Bill).

2. It also provides suggested talking points for your upcoming meeting with Southland Silicon Materials Limited (SSM) on 14 October 2025.

A general power to add activities to the NZ ETS provides flexibility to manage uncertainty in the Government's climate response

3. The Climate Change Response Act 2002 (the Act) prescribes the activities that must participate in the NZ ETS. To add a new mandatory NZ ETS activity, the Minister must amend the primary legislation. Opportunities to do so are infrequent and require extensive resourcing, constrained House time and administratively complex processes.

4. We are aware of several potential new manufacturing activities you may wish to consider adding into the NZ ETS in future. These include the manufacture of silicon s 9(2)(f)(iv) . Others are likely to emerge as the New Zealand economy evolves and innovates.

5. We recommend you consider a general power that allows the Minister of Climate Change to add new emitting activities (excluding agriculture) into the NZ ETS, by Order in Council. Adopting a regulatory approach to adding these new activities will enhance the efficiency of the NZ ETS and aligns with the core intent of the CCRA Bill.

6. We are not recommending that you should add any activities to the NZ ETS at this time, only creating the mechanism to do so in future once there is business certainty.

7. We seek agreement from you to progress work on this change and to issue drafting instructions to the Parliamentary Council Office (PCO) to include within in the CCRA Bill. We are working with PCO to ensure appropriate Cabinet decisions are obtained to enable drafting of draft this amendment. s 9(2)(h) We will support you to seek this approval, likely when you take the CCRA Bill to the Cabinet Legislation Committee (LEG) in early December, and to ensure inclusion of this change prior to introduction to the House. This timing will enable public engagement on the proposal through Select Committee.

8. Owing to the breadth of this power, and ability to use this to impose NZ ETS surrender obligations we anticipate there may be some critique of the proposal from the Legislation Design Advisory Committee at the Select Committee stage. Several key safeguards are proposed in the design of this power, including public consultation prior to the making of

secondary legislation, requiring a confirmable instrument[1] to enact the addition of new activities, and constraining the scope of new activities to align with existing policy intent of the NZ ETS. On balance, this change is justified and appropriate.

In the interim, you are meeting with SSM a firm exploring the potential to establish a silicon manufacturing plant in Southland, New Zealand

9. SSM is in the early stages a proposal to establish a silicon manufacturing plant in Southland, New Zealand. SSM state it intends to employ the latest low emissions technologies in silicon manufacturing. If the project goes ahead, it will support regional and national economic growth, increase exports and create local employment. Silicon is also listed on New Zealand's Critical Minerals List, a list of minerals that are economically important to New Zealand.

10. s 9(2)(b)(ii) [redacted]

11. s 9(2)(b)(ii) [redacted]

12. Under current legislation, it is highly unlikely that any new silicon plant could be added to the industrial allocation regime. The legislation only allows new industrial activities to receive industrial allocation if doing so will contribute to achieving emissions targets and any new emitting activity is unlikely to meet that test (for example, by replacing an existing and alternative higher emitting process or manufacturing method). The planned industrial allocation reform proposed in the planned CCRA Bill does not change this eligibility test.

13. s 9(2)(b)(ii) [redacted]

14. Appendix One provides talking points to support the upcoming meeting with SSM. s 9(2)(b)(ii) [redacted].

[1] A confirmable instrument is a type of secondary legislation that must be reviewed and approved by Parliament to stay in force. The Parliamentary Council Office runs an annual confirmation bill process to collate and progress all changes which require confirmation through the House in a single bill.

Recommendations

We recommend that you:

a) **agree** to progress a general power for the Minister to add activities to the NZ ETS, via Order in Council by adding activities (excluding agriculture) to Schedule 4 of the Climate Change Response Act 2002

Yes | No

b) **agree** to issue drafting instructions to the Parliamentary Council Office (PCO) with a view to include this power in the CCRA Bill, with the following safeguard to ensure the power is only able to be exercised consistent with policy intent of the NZ ETS:

   a. Limiting the power so this cannot be used for sources of biogenic methane emissions.

   b. Requiring the Minister to consider the costs and benefits expected from adding a new activity to the NZ ETS, including evidence that the activity is likely to result in emissions that would impact budgets and targets.

   c. Providing ability for public consultation on any new activity proposed for inclusion, prior to the making of the secondary legislation.

   d. Requiring a confirmable instrument to approve any secondary legislation made under this power.

Yes | No

c) **note** you are meeting with Southland Silicon Materials Limited on 14 October and talking points are attached at Appendix One.

Signatures

s 9(2)(a)

Simon Mandal-Johnson	Hon Simon WATTS
Manager – ETS Policy	**Minister of Climate Change**
Markets Unit	
9 October 2025	**Date**

Manufacture of Silicon in New Zealand and meeting with Southland Silicon Materials Limited - 14 October 2025

Purpose

1. This paper seeks your agreement to progress work to create a general power for the Minister of Climate Change to add new forms of emitting activities (excluding agriculture) into the New Zealand Emissions Trading Scheme (NZ ETS) as part of the forthcoming *Climate Change Response (Efficiency and Effectiveness) Amendment Bill* (CCRA Bill).

2. It also provides suggested talking points for your upcoming meeting with Southland Silicon Materials Limited (SSM) on 14 October 2025.

Progressing a general power to add activities to the NZ ETS

3. The Climate Change Response Act 2002 (the Act) prescribes the activities that must participate in the NZ ETS[2]. To add a new mandatory NZ ETS activity, the Minister must amend the primary legislation. Opportunities to do so are infrequent and require extensive resourcing, constrained House time and administratively complex processes.

4. We are aware of several potential new manufacturing (non-agricultural) activities that you may wish to consider adding into the NZ ETS in future. These include the manufacture of silicon s 9(2)(f)(iv) [redacted]. Others are likely to emerge in future as the New Zealand economy evolves and innovates.

5. We recommend you consider a general power that allows the Minister of Climate Change to add new emitting activities (excluding agriculture) into the NZ ETS, by Order in Council, by adding activities to Schedule 3 (Activities with respect to which persons must be participants).

6. This power would enable efficient maintenance of the NZ ETS by enabling a Minister to rapidly respond to changing technologies, manufacturing and production methods at a pace more closely matched to the often-rapid development of new activities. This change would provide the ability for the Minister to ensure the NZ ETS continues to realise its policy intent without requiring time consuming primary legislation amendment processes in response to every new activity that may emerge in the future.

7. We are not recommending adding any new activities to the NZ ETS at this time, only creating the mechanism to do so in future once a decision has been taken by the Government of the day.

8. You are progressing changes to streamline and improve the Act, through the CCRA Bill. We seek agreement your agreement to progress this proposal and issue drafting instructions to the Parliamentary Council Office (PCO) to include this in the CCRA Bill.

[2] Schedule 3 of the CCRA prescribes the activities for which persons must be participants of the NZ ETS

9. We are working with PCO to ensure appropriate decisions are obtained to enable drafting of this amendment. s 9(2)(h) [redacted] We will support you to seek this approval, likely when you take the CCRA Bill to the Cabinet Legislation Committee (LEG) in early December, and to ensure inclusion of this change prior to introduction to the House. This timing will enable public engagement on the proposal through Select Committee. We anticipate there is likely to be public interest in the power, given no previous consultation on this proposal.

10. Owing to the breadth of this power we anticipate there may be some critique from the Legislative Design Advisory Committee (LDAC) and the Regulations Review Committee (RRC) at Select Committee.

11. The LDAC guidelines suggest that significant policy matters should be implemented through primary legislation. This power may be seen as inconsistent with those guidelines, given the ability to use it to impose NZ ETS surrender obligations. However, departure from the guidelines is permissible provided clear justification is provided and appropriate safeguards are applied to the use of the power.

12. We propose robust safeguards to ensure the power is progressed and only able to be exercised in a manner consistent with the policy intent of the NZ ETS, to manage domestic emissions. On balance, these safeguards ensure the power is appropriate and justified. The proposed safeguards include:

    a. Explicit exclusion of agricultural sector from the scope of the activities the Minister may consider adding to the NZ ETS; by limiting the power so this cannot be used for sources of biogenic methane emissions.

    b. Requiring the Minister to consider the costs and benefits expected from adding a new activity to the NZ ETS, including evidence that the activity is likely to result in emissions that would impact budgets and targets.

    c. Providing ability for public consultation on any new activity proposed for inclusion, prior to the making of the secondary legislation.

    d. Requiring a confirmable instrument to approve any secondary legislation made under this power. A confirmation bill process (where all agreed changes are progressed through the House in a single bill) is run annually by the Parliamentary Council Office. This enables efficient Parliamentary approval and further legitimises the decision made using this new power.

    e. Whilst not to be define in statute, any proposed addition using this power will also require full and detailed policy analysis, including Regulatory Impact Statement and Climate Impacts of Policy Assessment.

s 9(2)(h)

[redacted]

s 9(2)(h) [redacted]

s 9(2)(h) [redacted]

[redacted]

[redacted]

Meeting with Southland Silicon Materials Limited - 14 October 2025

17. In the interim, you are meeting with Southland Silicon Materials Limited (SSM), a firm that is exploring the potential to establish a silicon manufacturing plant in Southland, New Zealand.

18. SSM is in the early stages of this proposal and states it intends to employ the latest low emissions technologies in silicon manufacturing. If the project goes ahead, it will support regional and national economic growth, increase exports and create local employment.

19. Silicon is also listed on New Zealand's Critical Minerals List, a list of minerals that are economically important to New Zealand, in demand by international partners, vulnerable to supply chain disruption or used to enable the development of other critical minerals.

20. Conventional silicon production can potentially generate up to 500,000 tonnes of CO_2e annually. This is comparable to the actual annual process emissions created by the New Zealand Aluminium Smelter (543,333tCO_2e in 2024).

21. s 9(2)(b)(ii) [redacted]

s 9(2)(b)(ii) [redacted]

[redacted]

[redacted]

24. Under current legislation, it is highly unlikely that any new silicon plant would meet the statutory criteria to be added to the industrial allocation regime[3]. The legislation only allows new industrial activities to receive industrial allocation if doing so will contribute to achieving emissions targets (for example, by replacing an existing and alternative higher emitting process or manufacturing method) and any new emitting activity is unlikely to meet that test.

25. The current industrial allocation reform proposed in the planned CCRA Bill does not change this eligibility test. s 9(2)(b)(ii) [redacted]

26. Appendix One provides talking points to support the upcoming meeting with SSM. s 9(2)(b)(ii) [redacted]

[redacted]

Next Steps

28. Should you agree, we will progress work on the proposal to provide the Minister of Climate Change with the add emitting activities to the NZ ETS by Order in Council, and issue drafting instructions to the Parliamentary Council Office (PCO).

29. We will continue to work with PCO to ensure they have the appropriate decisions to enable them to draft this amendment, and support you to seek these, likely when you take the CCRA Bill to the Cabinet Legislation Committee (LEG).

[3] s161A(2) of the Climate Change Response Act 2002 sets out the tests that must be met before activities are made eligible for industrial allocation

30. You are meeting with SSM on October 14. Suggested talking points are provided at Appendix One. Officials will be in attendance to support you with more detailed elements.

Appendix One: Talking points to support your meeting with Southland Silicon Materials Limited

Opening remarks

- Thank you for travelling to Wellington and meeting with me today.
- I am always interested to hear about new opportunities that grow our economy and help meet climate change targets in New Zealand.
- You have identified several key issues for Southland Silicon Materials Limited that span across my portfolio interests, including the potential for lower emissions industrial processes and new demand to support additional energy generation.

SSM proposal status

- I understand that SSM is in the early stages of making investment decisions. I would like to know more about the proposal.
- Question: What barriers do you foresee to the establishment of a silicon processing plant in Southland?

Interest in renewable energy

- We have a goal to double renewable energy by 2050. We are excited by the prospect new industries take advantage of our renewable energy potential.
- Our Electrify NZ work programme will drive investment in renewable electricity generation and remove regulatory barriers that have previously held people back. Our work to cut red tape – for example, the Fast-track approvals process - and ensure we have a very strong pipeline of renewables is already on course to bring down wholesale electricity costs for industrials. More generation has been commissioned in the last 18 months than in the past 15 years.
- The Government is enabling a range of alternative fuels and technologies, so Kiwis have greater choice – including:
    - Setting up a Ministerial Wood Energy Taskforce
    - Setting clear rules to enable market-led investment in hydrogen.
    - And enabling a renewable gas market.
- I recently announced our response to the Electricity Market Review – through this work, we will strengthen the electricity market to deliver reliability and competition, support new generation and infrastructure, and take the steps needed to bring down costs for households and businesses.
- Question: what energy opportunities do SSM foresee as part of this proposal? What role would SSM anticipate playing in the renewable energy market?
- Question: I am interested to learn more about the project's energy requirements and production targets

NZ ETS and industrial allocation

- As you may know, the NZ ETS is NZ's main tool for meeting emissions budgets and targets. All industrial processes currently in NZ must participate in the ETS. The surrender obligation imposes a cost on those undertaking these processes.

- This means that to avoid costs of surrender obligations, low emissions processes and activities are encouraged in New Zealand.

- Industrial allocation is a transitional and time limited scheme designed to support business who were operating in New Zealand at the introduction of the NZ ETS. This currently being phased out. At the current rate, firms undertaking moderate and highly intensive activities will no longer receive allocation by 2050 and 2060 for either group.

- s 9(2)(b)(ii) [redacted]

s 9(2)(b)(ii) [redacted]

Ministry for the Environment
Manatū Mō Te Taiao

BRIEFING

Further minor and technical drafting decisions for the CCRA Bill

Date:	2 December 2025	**Priority:**	Urgent
Security classification:	Classification	**Tracking number:**	25-BRF-00025

	Action sought	Response by
Hon Simon Watts **Minister of Climate Change**	**Agree** to additional policy recommendations in this briefing to inform drafting instructions for the Climate Change Response (Adaptation, Efficiency and Effectiveness) Amendment Bill	3 December 2025

Action for Minister's Office staff
Return the signed briefing to MfE.

Contact for telephone discussion (if required)			
Name	**Position**	**Telephone**	**1st contact**
Kirsty Flannagan	General Manager		
Susan Baas	Manager	s 9(2)(a)	✓
Angela Christensen	Author		

Minister's office to complete:

☐ Approved

☐ Declined

☐ Noted

☐ Needs change

☐ Seen

☐ Overtaken by Events

☐ See Minister's Notes

☐ Withdrawn

Minister's Comments

Ministry for the Environment
Manatū Mō Te Taiao

BRIEFING

Further minor and technical drafting decisions for the CCRA Bill

Date:	2 December 2025	**Priority:**	Urgent
Security classification:	Classification	**Tracking number:**	25-BRF-00025

Key points

1. On 13 October 2025, you agreed:
   - to a penalties regime to enforce market governance requirements under the New Zealand Emissions Trading Scheme
   - for the Ministry for the Environment (MfE) to issue drafting instructions to the Parliamentary Counsel Office (PCO) to give effect to these decisions [BRF-6768 refers].
2. Prior to this, on 17 September 2025, the Cabinet Economic Policy Committee agreed to amend the Climate Change Response Act 2002 (CCRA) through the Climate Change Response (Adaptation, Efficiency and Effectiveness) Amendment Bill to improve the CCRA's efficiency and operation, and to require local authorities to prepare adaptation plans [CAB-25-MIN-0324 refers].
3. You have delegated authority from Cabinet to make further policy decisions during drafting to clarify the detail of amendments for market governance, adaptation and other CCRA amendments [CAB-25-MIN-0086.01 and CAB-25-MIN-0324 refer].
4. While developing drafting instructions, we have identified additional minor and technical decisions required to implement the administrative penalties in the market governance penalties regime. These decisions will ensure consistency with existing CCRA penalties (see Table 1 below).
5. Administrative penalties apply when:
   - platform providers fail to meet reporting requirements
   - platform providers fail to maintain a history of trading information
   - market participants fail to provide information to the market monitor.
6. We also seek your approval for officials to make additional minor and technical changes during drafting, as needed to implement policy decisions for the Climate Change Response (Adaptation, Efficiency and Effectiveness) Amendment Bill. This will allow timely instruction to PCO without requiring your approval for minor and technical matters that arise during the drafting process. We will continue to seek your approval if any matters arise that are more than minor or technical.

Table 1: Market governance penalty matters requiring your decision

Topic	Proposal
Timeframe to pay the imposed administrative penalty	A timeframe to pay administrative penalties is needed so that it is clear to platform providers and market participants when any such penalty is due. We propose a 20-working day timeframe is appropriate to align with other penalty payment timeframes already in the CCRA.
Obligation to pay not suspended by review or appeal	We propose that a platform provider's or market participant's obligation to pay a penalty is not suspended by any review or appeal of the penalty. Where a platform provider or market participant is successful in a review or appeal of the penalty, MfE must refund the amount of any penalty paid.
No fault liability	You agreed in BRF-6768 that a person would not be liable for a penalty where a compliance breach occurred through no fault of the person. To align with similar provisions in the CCRA related to no fault liability, we propose a 20-working day timeframe for MfE, as the market monitor, to make a decision on the person's liability to pay a penalty.
Appeals process	You agreed in BRF-6768 that a review process would be provided for to enable market participants the right to request a review of a penalty imposed and to bring an appeal to the District Court, subject to the outcome of a review. We also propose an appeal process similar to s146 of the CCRA, to allow an appeal to the High Court on questions of law.
Issuing of penalty notices	MfE will require the ability to give notice to platform providers or market participants who breach market governance provisions. This includes the power to issue notices and requirements for the details a notice must contain, similar to provisions already in the CCRA for the issuing of penalty notices.

Recommended action

The Ministry for the Environment recommends that you:

In relation to administrative penalties:

1. **Agree** platform providers and market participants will be required to pay the penalty imposed within 20 working days after the notice is given — *Agree / Disagree*
2. **Agree** a platform provider's or market participant's obligation to pay a penalty is not suspended by any review or appeal — *Agree / Disagree*
3. **Agree** where a platform provider or market participant is successful in a review or appeal of the penalty, MfE must refund the amount of any penalty paid — *Agree / Disagree*
4. **Agree** a 20-working day timeframe for MfE to make a decision on the person's liability to pay a penalty — *Agree / Disagree*
5. **Agree** to an appeal process to allow market participants the right to request a review of the penalty imposed and to bring an appeal to the High Court on questions of law — *Agree / Disagree*
6. **Agree** that MfE may issue penalty notices to platform providers or market participants who breach market governance provisions — *Agree / Disagree*
7. **Agree** that MfE must include relevant details in the penalty notice, including, but not limited to, the provision breached, the market monitor's ability to issue a notice, and the amount of the penalty owed — *Agree / Disagree*
8. **Agree** the manner in which MfE may give a penalty notice, including, but not limited to, giving the notice in writing, via personal delivery, via electronic means of communication, or via post — *Agree / Disagree*

In relation to the Climate Change Response (Adaptation, Efficiency and Effectiveness) Amendment Bill

9. **Agree** MfE officials can make additional minor and technical decisions required to instruct PCO to implement policy decisions for the Climate Change Response (Adaptation, Efficiency and Effectiveness) Amendment Bill — *Agree / Disagree*

s 9(2)(a)

Susan Baas
Manager, Market Assurance and Operations
Markets, Ministry for the Environment

02 / 12 / 2025

Hon Simon Watts
Minister of Climate Change

___ / 12/ 2025