

Government action towards a low-emissions economy

Key sector policies that will drive the transition



Transport

Transport emissions in New Zealand make up approximately 20% of our total greenhouse gas emissions.

- Policy package that targets low emissions vehicle uptake, including consulting on both a clean car standard and clean car discount
- Transitioning the Government fleet to EVs through targeted procurement policy
- Investigating alternative fuel sources for heavy freight
- Major investment in public transport through the GPS which prioritises reducing emissions



Forestry

The land sector contains both the greatest source and sink of greenhouse gases in New Zealand – expanding forestry through the One Billion Trees programme will be essential for meeting a long-term net zero target.

- Tree planting grants and funding for partnerships
- Regional council funding and support to address erosion prone land
- Changes to the NZ Emissions Trading Scheme (NZ ETS) to simplify and de-risk afforestation
- Mandate for joint ventures between Crown and landowners to plant commercial plantation forests
- Develop a strategy to set a 30 year vision for forests and trees in New Zealand
- Strengthening the NZ ETS to provide greater financial incentive to plant forests



Agriculture

Almost half of our emissions come from agriculture. Agriculture plays an important role in meeting our emissions reductions targets while ensuring a productive and prosperous economy.

- Significant investment to support research and development in reducing emissions from the agriculture sector
- Developing policies to support farmers to transition to a productive, low-emissions future
- Consulting on how to price agricultural emissions



Electricity

New Zealand already has up to 85% of electricity generated from renewable sources. We expect the demand for renewable electricity to increase to meet the needs of transport and to enable other shifts to a low emissions economy.

- Renewable energy plan to chart a pathway to 100% renewable electricity, including a strategy on green hydrogen
- The Government is working on options to strengthen the National Policy Statement on Renewable Electricity Generation to provide a clearer signal of the importance of climate change in the consenting and planning process.



Industrial and process heat

15% of our greenhouse gas emissions come from burning fossil fuels to generate process heat and from industrial processes.

- Consulting later this year on a policy package for reducing industrial process heat emissions



Built environment

Many of the ways climate change outcomes interact with the built environment are indirect and will require long-term planning and investment to avoid locking in high emission infrastructure and transport systems, as well as urban form and building design.

- Enabling higher density urban planning through the Urban Growth Agenda
- Removing consenting barriers to enable quality densification in urban areas through reforms of the National Policy Statement on Urban Development Capacity



Waste

New Zealand has the highest waste emissions per person of all members in the OECD. These emissions account for around 5% of our total greenhouse gas emissions.

- Expanding the Waste Disposal Levy to include more sites and enable the better collection of data

Aligning the system settings to support the transition



Innovation

Innovative and creative solutions are needed to create and deploy new and existing technologies in a way that can also improve the economy and national wellbeing.

- Encouraging low emissions innovation through the low emissions vehicle contestable fund
- Ensuring climate change is a focus in our research, science and innovation strategy
- Establishing a New Energy Development Centre in Taranaki to test and trial new energy forms



Laws and institutions

A major part of our approach to climate change is getting the architecture in place for the long-term transition.

- Zero Carbon Bill (ZCB) - Putting in place legislation that establishes a robust framework and sets a 2050 target
- Establishing an independent Climate Change Commission
- The ZCB includes measures for New Zealand to plan for the ongoing effects of a changing climate in a coordinated way (including a regular National Climate Change Risk Assessment and National Adaptation Plan)



Investment

Transitioning to a low-emissions economy requires investment in activities that support low-emissions energy and land use.

- Targeted Government procurement policies towards low emissions goods, including vehicles and stationary heating
- Accelerating low emissions investment through Green Investment Finance Ltd, the Provincial Growth Fund and Aotearoa Circle
- Designing a mandatory comply or explain regime for climate related financial disclosures



Emissions pricing

The NZ ETS is our main tool for incentivising businesses and individuals to reduce emissions. The NZ ETS is an effective way of encouraging the market to find the cheapest emission reductions available.

- Making changes to improve the effectiveness of the NZ ETS
- Making decisions on the inclusion of biological emissions
- Setting a cap on emissions
- Phasing down of industrial allocation