



Talking points for Cabinet on the emissions reduction plan

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| | Action sought: | Response by: |
| Hon James SHAW, Minister of Climate Change | Note attached talking points ahead of Cabinet | 2 May 2022 |

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

Key contacts

| Position | Name | Cell phone | 1st contact |
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Talking points for Cabinet on the emissions reduction plan

1. The Cabinet paper, *Emissions Reduction Plan – completion and launch of the first plan*, and the emissions reduction plan will be considered by Cabinet on Monday, 2 May 2022.
2. This briefing provides you with talking points to support this discussion. These talking points cover the following topics:
 - 1) Introduction and context
 - 2) Additional recommendations – New Zealand Emissions Trading Scheme
 - 3) Ministerial and agency responsibilities, including proposed changes
 - 4) Sector sub-targets
 - 5) Changes since revised papers were circulated to Ministers after consideration by the Cabinet Business Committee on 19 April 2022
 - 6) Launching the plan.

Signature

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| Kate Ryan Manager (Acting) Climate Mitigation (Emissions Reduction Plan) |  |
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| Hon James SHAW, Minister of Climate Change | |
| Date | |

Talking points

1. Introduction and context

Aotearoa New Zealand's first emissions reduction plan

- Our first emissions reduction plan (the plan) is a key milestone in our transition to a low-emissions, climate-resilient future and the implementation of the Zero Carbon Framework.
- This plan responds to the recommendations provided by He Pou a Rangi – Climate Change Commission (Commission) in May 2021. It brings together the many climate change policies and actions that Cabinet has considered and agreed in recent months.
- This plan sets out the policies and strategies for meeting the first emissions budget and putting us on track to meet future emissions budgets and – ultimately – our 2050 target.

The plan satisfies the requirements in the Climate Change Response Act 2002

- The first emissions budget requires emissions from 2022–2025 to be no more than 290.0 Mt CO₂-e.
- Modelling and analysis show the plan achieving this emissions budget (and the second and third emissions budgets), noting that there are several risks and uncertainties.
- The plan also endeavours to satisfy the requirements in the Climate Change Response Act 2002 by including:
 - sector-specific policies to reduce emissions and increase removals
 - a multi-sector strategy to meet emissions budgets and improve the ability of sectors to adapt to the effects of climate change
 - a strategy to mitigate the impacts that reducing emissions and increasing removals will have on employees and employers, regions, iwi and Māori, and wider communities, including the funding for any mitigation action.

The plan has built a strong foundation for future action

- Bringing this plan together has required a great deal of input and collaboration from Ministers, agencies and stakeholders.
- It has also benefitted from consultation with private sector stakeholders, iwi/Māori groups, advocates and experts, and the wider public.
- Maintaining this level of commitment and engagement will be vital to its ultimate success.

2. Additional recommendations – New Zealand Emissions Trading Scheme

- The plan now includes agreed wording on adjusting the New Zealand Emissions Trading Scheme (NZ ETS) to drive a balance of gross and net emissions reductions.
- This includes an action for further work to be undertaken on unit supply in the NZ ETS including industrial allocations, the current stockpile of New Zealand Units (NZUs), rates of afforestation and deforestation, and the number of NZUs being auctioned.

- s 9(2)(g)(i) [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- s 9(2)(a), s 9(2)(f)(iv) [Redacted]
- s 9(2)(g)(i) [Redacted]
- [Redacted]

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3. Ministerial responsibilities – proposed changes for lead and support ministers and agencies


- Under the Climate Change Response Act 2002, the Minister of Climate Change is responsible for setting – and meeting – emissions budgets.
- In practice, however, meeting the emissions budgets requires concerted efforts across multiple Ministerial portfolios. Individual Ministers are responsible for developing and implementing policies that:
 - reduce emissions (ie, in the transport, energy and industry, building and construction, agriculture, waste and fluorinated gases)
 - increase removals (ie, forestry)
 - enable emissions reductions (ie, emissions pricing, investment, planning and infrastructure, the shift to a circular economy with a thriving bioeconomy, as well as research, science, innovation and technology).
- The emissions reduction plan under consideration assigns Ministerial and agency responsibility on a chapter-by-chapter basis.
- Paragraph 78 of the Cabinet paper sets out a proposal of Ministers and agencies responsible for leading and supporting the delivery of work associated with each chapter.
- Following CBC discussion on Ministerial responsibilities, changes have been made to clarify lead and supporting Ministers and agencies (CBC changes are highlighted in yellow). These changes were circulated to Ministers last week and are reflected in the revised Cabinet paper.
- s 9(2)(g)(i)

 - Currently, the paper proposes that the Equitable Transitions Chapter is led by MBIE and MSD, with MfE and MoE as supporting agencies.
 - This reflects the agencies that are leading the key actions outlined in the chapter and is consistent with the approach taken to all chapters (including other cross-sectoral chapters like 'Chapter 2 – Empowering Māori').

Table 1. Proposed Ministerial and agency responsibilities (changes are highlighted in yellow)

s 9(2)(g)(i)

s 9(2)(g)(i)



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4. Sector sub-targets

- The plan contains the sector sub-targets agreed by Cabinet in December 2021, slightly modified following quality assurance processes and the finalisation of emission budgets.
- Sector sub-targets are a useful tool to monitor and manage the progress of each sector towards meeting the emissions budgets. Unlike emissions budgets, sector sub-targets are not set pursuant to the Climate Change Response Act 2002, meaning that we retain flexibility in how we achieve our emissions budgets. This approach recognises that there are multiple pathways for achieving our emissions budgets.

- s 9(2)(g)(i)

[REDACTED]

- The Climate Change Chief Executives Board (CE Board) will be responsible for monitoring progress towards the emissions budgets and sector sub-targets. The CE Board will also advise on options to manage variances within – and between – the sector sub-targets, as well as ways to manage any unexpected impacts. Ministers will manage these variances between portfolios collectively through the Climate Response Ministerial Group and, ultimately, Cabinet.
- Ministers will have oversight of the progress that is being made towards the sector sub-targets and are responsible for developing and implementing policies in their portfolios. Ministers are also responsible for decisions on how to manage any variances within their individual portfolios to give us the best chance of meeting our emissions budgets.
- The Minister of Climate Change has statutory responsibility for ensuring emissions budgets are met and the Prime Minister will oversee progress on the implementation and success of the Government's climate policies as the Chair of the Climate Response Ministerial Group and of Cabinet.

5. Changes since the papers were circulated to Ministers after the Cabinet Business Committee discussion on 19 April 2022

Revised versions of the Cabinet paper and emissions reduction plan were circulated to Ministers on Friday, 22 April 2022. These versions reflected the discussion at CBC on Tuesday, 19 April 2022.

The following table sets out changes that were made to the emissions reduction plan since Ministers received it on Friday, 22 April 2022.

| Area | Change |
|----------------------------|------------|
| s 9(2)(g)(i) [Redacted] | [Redacted] |
| [Redacted] | [Redacted] |
| [Redacted] | [Redacted] |
| [Redacted] | [Redacted] |
| [Redacted] | [Redacted] |
| [Redacted] | [Redacted] |
| [Redacted] | [Redacted] |

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s 9(2)(g)(i)

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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7. Launching the plan on 16 May 2022

- The plan will be publicly launched on Monday, 16 May 2022. This will include the summary booklet.
- The plan, including the Actions Table, will be published in the New Zealand Gazette and presented to the House on 20 May 2022, following Budget 22 announcements on 19 May 2022.
- Supporting information will be published on the Ministry for the Environment's website, including:
 - A complete list of the Commission's recommendations and the Government's responses.
 - A technical information annex that shows how the actions in the plan will drive emissions reductions in line with the emissions budgets.