

## **In-Confidence**

### **Office of the Minister of Climate Change**

### **Chair, Cabinet Economic Development Committee**

## **Communication of Part I of the Emissions Reduction Plan to the United Nations Framework Convention on Climate Change**

### **Proposal**

1. This paper seeks approval to communicate the introduction to the emissions reduction plan (Part I) to the United Nations Framework Convention on Climate Change as the first instalment of New Zealand's long-term low emissions development strategy (LT-LEDS).

### **Relation to government priorities**

2. The Government declared a climate change emergency on 2 December 2020. Cabinet agreed that climate change “demands a sufficiently ambitious, urgent, and coordinated response across government to meet the scale and complexity of the challenge” [CBC-20-MIN-0097 refers].
3. Enabling a just transition to a low-emissions, climate resilient future is a Government priority. Cabinet declared its intention to “put the climate at the centre of government decision-making”. [CBC-20-MIN-0097 refers].

### **Background**

*The Government must publish the first emissions reduction plan by [31 May 2022]*

4. In 2019, amendments to the Climate Change Response Act 2002 introduced a framework to support New Zealand's transition to a low-emissions and climate-resilient future. This included:
  - 4.1. the introduction of an emissions reduction target for 2050
  - 4.2. a system of emissions budgets that step progressively towards the emissions reduction target
  - 4.3. a requirement for emissions reduction plans that set out the policies and strategies for meeting emissions budgets.
5. This year is critical in the implementation of this framework. On 31 May 2021, the Commission provided the Government with its final advice on the first three emissions budgets and the policy direction for the emissions reduction plan. By [31 May 2022], the Government must respond to the Commission by setting the

first three emissions budgets (2022-2025, 2026-2030, 2031-2035) and publishing the first emissions reduction plan.

6. These decisions will determine how hard and how fast New Zealand steps into a low emissions future and will have wide-ranging impacts on New Zealand households, businesses and key economic sectors.

*The emissions reduction plan will form the basis of New Zealand's LT-LEDS*

7. Every Party to the Paris Agreement is encouraged to communicate a LT-LEDS to the United Nations Framework Convention on Climate Change (UNFCCC) that sets out the pathway(s) for achieving each Party's long-term mitigation goals. Parties were invited to communicate LT-LEDSs by the end of 2020 and, to date, 33 have been received by the UNFCCC.
8. The content of New Zealand's emissions reduction plan largely aligns with those of a LT-LEDS. For example, both need to include an outlook to 2050 and indicate the transformational changes needed to achieve New Zealand's emissions reduction goals. The key difference is that, while the LT-LEDS has a long-term focus, the emissions reduction plan's principal role is to set out the policies and strategies for meeting our first emissions budget (2022-2025), with the option of looking out to the next two budget periods (2026-2030 and 2031-2035).
9. In May 2021, Cabinet agreed to communicate New Zealand's first emissions reduction plan as New Zealand's LT-LEDS, with the addition of some material that details New Zealand's national circumstances and contextualises our emissions reduction journey. To fulfil its function as our LT-LEDS, the emissions reduction plan will also indicate the long-term strategy for key sectors and systems and how they will support achievement of our long-term vision.

*The emissions reduction plan will be published in two instalments*

10. In May 2021, Cabinet also agreed to complete the emissions reduction plan in two stages [CAB-21-MIN-0138 refers]:
  - 10.1. Stage 1: Complete the introduction to the emissions reduction plan (Part I) by COP26 and communicate it as the first instalment of New Zealand's LT-LEDS. This timing is necessary to show that, like other countries, New Zealand is making good on action to transition its economy. Our ability to influence others is built on the strength of our own action.
  - 10.2. Stage 2: Complete the remaining sections of the emissions reduction plan (Parts II, III and IV). The full emissions reduction plan will be published in the *New Zealand Gazette* s 9(2)(f)(iv)
11. In September 2021, Cabinet agreed to amend the statutory deadline for final decisions on the first three emissions budgets and the full emissions reduction

plan in response to the impact of the COVID-19 Delta outbreak on consultation and consequent implications for final decisions and publication. [CAB-21-MIN-0372 refers]. [The remaining sections of the emissions reduction plan will now be published by 31 May 2022].

## Analysis

*COP26 is an opportunity to showcase New Zealand's climate response*

12. New Zealand's national statement is an opportunity to share the work currently underway (eg, consultation on new policy proposals) and Government decisions that will be taken in [early-mid 2022, including on emissions budgets and the emissions reduction plan]. Part I is a concrete commitment to these deliverables.
13. Appendix 3 provides a high-level narrative that can be taken to COP26.

*Completing Part I by COP26 will not pre-empt decisions that will be taken following consultation and satisfaction of statutory requirements*

14. As a contextual piece, Part I does not contain any new policies or decision points. This means that completing Part I will not pre-empt decisions that will be taken on Parts II, III and IV of the emissions reduction plan following public consultation. Nor does the strategy map entitled "Aotearoa New Zealand's Climate Change Mitigation Strategy" pre-empt final decisions on the structure of the emissions reduction plan.
15. Delivering Parts II, III and IV at a later date also allows more time to satisfy the statutory requirements in the Climate Change Response Act 2002 before making final decisions on emissions budgets and the emissions reduction plan. These statutory requirements include, but are not limited to, having regard to a range of considerations, ensuring the emissions reduction plan sets out policies and strategies that show how the first emissions budget will be met, and making sure that consultation has been adequate, including with iwi and Māori, affected communities and sector representatives.

*Part I can be revised before the emissions reduction plan is published in full*

16. I recommend updating Part I before the full emissions reduction plan is published in May 2022. This will ensure that the final plan is coherent, with appropriate cross-references and minimal repetition across Part I and the detailed chapters in Parts II, III and IV. It will also ensure that the plan reflects the latest New Zealand Greenhouse Gas Inventory, which will be published in April 2022 and cover the period from 1990 - 2020.

## Financial Implications

17. Part I does not contain any new policies and has no financial implications. The financial implications of the more detailed policies included in Parts II, III and IV of the emissions reduction plan will be outlined when seeking final policy decisions.

## Legislative Implications

18. While Part I does not have any direct legislative implications, the policies and strategies in Parts II, III and IV of the emissions reduction plan will. These implications will be considered as part of final policy decisions.

19. s 9(2)(h)

22. Part I has been crafted so that it does not contain any new policies and will not pre-empt decisions that will be taken on emissions budgets and the emissions reduction plan once the statutory requirements have been satisfied.

## Impact Analysis

### Regulatory Impact Statement

23. Part I does not contain any new policies and does not require a regulatory impact statement.

24. In the next stage, impact analysis will be provided to support any decisions by Cabinet to implement policies that have regulatory impacts.

### Climate Implications of Policy Assessment

25. The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this proposal as Part I has no direct impact on emissions. The emissions impact of individual policies within the emissions reduction plan will be disclosed to Cabinet as final decisions are sought on these policies.

26. The CIPA team at the Ministry for the Environment will work with officials developing proposals to assess the emissions impacts of policy proposals as they are advanced.

## Population Implications

27. The population implications of policies and strategies progressed as part of the emissions reduction plan will be outlined in papers seeking final policy decisions on policies and strategies for inclusion in Parts II, III and IV.
28. The disproportionate impacts on population groups will be addressed through Regulatory Impact Statements on specific policy proposals.
29. The emissions reduction plan will include further information on the distributional impacts of policies and measures within the scope of the plan and on measures and strategies to manage those impacts.

## Te Tiriti o Waitangi

30. In its final advice to Government, the Commission identified that Māori, iwi and hapū are likely to be disproportionately impacted by the transition to a low emission and climate resilient economy. Though support for strong climate action is high amongst Māori.
31. Government will work with Māori, iwi and hapū to enable them to play a key role in driving Aotearoa's transition and ensure they are not disproportionately disadvantaged by climate change policies.
32. [Consultation on proposals for inclusion in the emissions reduction plan is currently planned for October – November 2021]. This includes targeted consultation with Māori to expand on key themes identified in the Commission's consultation and to address main concerns through policy measures. This includes a schedule of emission reduction plan webinars and workshops to discuss particular issues and opportunities of interest to Māori.

## Human Rights

33. There are no inconsistencies between these proposals and the New Zealand Bill of Rights Act 1990 or the Human Rights Act 1993.

## Consultation

34. Agencies consulted in the development of this paper were: the Treasury; Ministry of Foreign Affairs and Trade; Ministry for Primary Industries; Ministry of Business, Innovation and Employment; Energy, Efficiency and Conservation Authority; Ministry of Social Development; Ministry of Transport; Waka Kotahi – New Zealand Transport Agency; Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development; Te Waihanga – New Zealand Infrastructure Commission; Department of Prime Minister and Cabinet; Te Puni Kōkiri; and Te Arawhiti.

## Communications

35. Part I (Appendix 1) will be communicated to the United Nations Framework Convention on Climate Change in late-October and will be referenced in New Zealand's national communication at the 26<sup>th</sup> United Nations Climate Change

Conference of the Parties (COP26). This is scheduled to take place from 31 October – 12 November 2021.


36. Part I will also be published on the Ministry for the Environment’s website with content explaining that the remaining sections of the emissions reduction plan will be informed by public consultation and will be published by [31 May 2022].

### Proactive Release

37. I propose to proactively release this paper on the Ministry for the Environment’s website after Part I has been published, subject to appropriate redactions under the Official Information Act 1982.

### Recommendations

The Minister of Climate Change recommends that the Committee:

- 1 **note** that Parties to the Paris Agreement are encouraged to communicate a long-term low emissions development strategy that sets out the pathway(s) for achieving their long-term low emissions goals
- 2 **note** that in May 2021 Cabinet agreed that the emissions reduction plan would form the basis of New Zealand’s long-term low emissions development strategy
- 3 **note** that Cabinet agreed to communicate the long-term low emissions development strategy in two stages
- 4 **agree** to communicate Part I to the United Nations Framework Convention on Climate Change as the first instalment of New Zealand’s long-term low emissions development strategy
- 5 **agree** to allow the Minister of Climate Change to make minor design, editorial and technical changes to Part I, as needed
- 6 **note** my intention to publish the introduction to the emissions reduction plan (Part I) on the Ministry for the Environment’s website
- 7 **note** that the Minister of Climate Change will seek separate decisions on final emissions budgets
- 8 **note** that separate decisions will be sought on the detailed policies and strategies for inclusion in Parts II, III and IV of the emissions reduction plan
- 9 s 9(2)(f)(iv) 
- 10 **note** that the strategy map entitled ‘Aotearoa New Zealand’s climate change mitigation strategy’ does not represent the final structure of the emissions reduction plan, which will be confirmed following further discussion

- 11 **agree** that Part I can be updated prior to publishing the full emissions reduction plan
- 12 [**note** that the first three emissions budgets and the full emissions reduction plan must be notified in the *New Zealand Gazette* by 31 May 2022].

Authorised for lodgement

Hon James Shaw

Minister of Climate Change

Proactively released under the Official Information Act 1982

**Appendix 1. Introduction to Aotearoa New Zealand's emissions reduction plan (Part I)**

**Appendix 2. Indicative design for Part I of the emissions reduction plan**

**Appendix 3. Narrative for COP26**

Proactively released under the Official Information Act 1982



# Cabinet Economic Development Committee

## Minute of Decision

*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

### Communication of Part I of the Emissions Reduction Plan to the United Nations Framework Convention on Climate Change

Portfolio **Climate Change**

On 20 October 2021, the Cabinet Economic Development Committee:

- 1 **noted** that the Parties to the Paris Agreement are encouraged to communicate a long-term low emissions development strategy that sets out the pathway(s) for achieving their long-term low emissions goals;
- 2 **noted** that on 19 April 2021, the Cabinet Business Committee agreed that:
  - 2.1 the emissions reduction plan would form the basis of New Zealand's long-term low emissions development strategy;
  - 2.2 the introduction to the emissions reduction plan (Part I) should be completed by COP26 and submitted as the first part of New Zealand's long-term low emissions development strategy;

[CBC-21-MIN-0044]
- 3 **agreed** to communicate Part I to the United Nations Framework Convention on Climate Change as the first instalment of New Zealand's long-term low emissions development strategy;
- 4 **authorised** the Minister of Climate Change to make any minor design, editorial and technical changes to Part I (attached as Appendices 1 and 2 to the paper under DEV-21-SUB-0206), that may be required;
- 5 **noted** that the Minister of Climate Change intends to publish the introduction to the emissions reduction plan (Part I) on the Ministry for the Environment's website;
- 6 **noted** that the Minister of Climate Change will seek separate decisions from Cabinet:
  - 6.1 on final emissions budgets;
  - 6.2 on the detailed policies and strategies for inclusion in Parts II, III and IV of the emissions reduction plan;
  - 6.3 s 9(2)(f)(iv)

- 7 **noted** that the strategy map entitled *Aotearoa New Zealand's Climate Change Mitigation Strategy* does not represent the final structure of the emissions reduction plan, which will be confirmed following further discussions;
- 8 **agreed** that Part I can be updated prior to publishing the full emissions reduction plan;
- 9 **noted** that the first three emissions budgets and the full emissions reduction plan must be notified in the *New Zealand Gazette* by 31 May 2022.

Janine Harvey  
Committee Secretary

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**Present:**

Hon Grant Robertson (Chair)  
Hon Dr Megan Woods  
Hon David Parker  
Hon Nanaia Mahuta  
Hon Poto Williams  
Hon Stuart Nash  
Hon Kris Faafoi  
Hon Peeni Henare  
Hon Willie Jackson  
Hon Michael Wood  
Hon Meka Whaitiri  
Hon Phil Twyford  
Hon James Shaw  
Dr Deborah Russell MP

**Officials present from:**

Office of the Prime Minister  
Officials Committee for DEV