Office of the Minister of Conservation

Office of the Minister of Climate Change

Cabinet Business Committee

Aligning climate and biodiversity policy in the Emissions Reduction Plan

Proposal

1 This paper seeks your agreement to align climate and biodiversity policy through the Emissions Reduction Plan (**ERP**).

Relation to government priorities

2 The proposals in this paper relate to:

2.1 Government's declaration of a climate change emergency on 2 December 2020[1] and subsequent work to enable a just transition to a low-emissions, climate-resilient future;

2.2 the Labour Party manifesto commitment to "protect, preserve and restore our natural heritage and biodiversity, and promote the recovery of threatened species";

2.3 realising the goals of Te Mana o te Taiao – Aotearoa New Zealand Biodiversity Strategy 2020 (the **ANZBS**);[2]

2.4 the Cooperation Agreement between the Labour and Green Parties, in that achieving the purpose and goals of the 2019 zero carbon amendments to the Climate Change Response Act 2002 and protecting our environment and biodiversity by working to achieve the outcomes of the ANZBS are agreed areas of cooperation.

Executive Summary

3 This paper outlines key principles for the ERP aimed at improving alignment between climate and biodiversity outcomes, and supporting the implementation of the ANZBS.

4 It proposes that prioritising nature-based solutions be a primary vehicle for delivering better integration of climate and biodiversity policy and emphasises that thriving biodiversity plays a central role in our approach to mitigating climate change.

5 This paper identifies a programme of existing workstreams where an enhanced focus on biodiversity and nature-based solutions can ensure better integration

[1] CBC-20-MIN-0097
[2] CBC-21-MIN-0127

between climate and biodiversity policy more broadly. It also outlines wider work underway across Government that will help deliver climate and biodiversity benefits.

6 Significantly, this paper proposes that the impacts on biodiversity are directly reported on in the ERP.

Background

7 The Government must issue an ERP by 31 May 2022 setting out the policies and strategies for meeting the next emissions budget (2022-25). The first ERP will set the direction for climate action for the next 15 years.

8 The ERP is a multi-sector strategy that is statutorily required to improve the ability of relevant sectors to adapt to the effects of climate change.[3]

9 Cabinet agreed on 21 December 2021 that:

9.1 a new chapter on nature-based solutions would be added to the ERP to be led by the Minister of Conservation and the Department of Conservation (**DOC**), and supported by the Minister of Climate Change and the Ministry for the Environment (**MfE**); and that

9.2 all agencies work with DOC and MfE to enhance the focus of the Emissions Reduction Plan on nature-based solutions.[4]

10 Cabinet agreed on 23 August 2021 to the release of a discussion document that included guiding principles for future Government decisions on the ERP. It set out commitments to:

10.1 promote nature-based solutions, which can sequester carbon while building resilience to climate change impacts and supporting biodiversity; and

10.2 consider wider benefits as a reason to act – such as building resilience, and broader social, health, economic, environmental, and cultural benefits.[5]

11 The ANZBS defines nature-based solutions as interventions that are inspired and supported by nature, cost-effective, and simultaneously provide environmental, social, and economic benefits and help build resilience.[6]

[3] These sectors include (but are not limited to) transport, energy, waste and f-gases, building and construction, agriculture and forestry.
[4] CAB-21-MIN-0547-02
[5] *Te hau mārohi ki anamata – Transitioning to a low-emissions and climate-resilient future – Emissions Reduction Plan consultation document* (October 2021), page 4; CAB-21-MIN-0335.
[6] *Te Mana o te Taiao – Aotearoa New Zealand Biodiversity Strategy 2020*, page 63.

12 Cabinet approved the ANZBS on 3 August 2020, noting that a national biodiversity strategy is a requirement for Aotearoa New Zealand to meet its obligations under the United Nations Convention on Biological Diversity (CBD).[7]

13 The International Union for Conservation of Nature (**IUCN**) has defined nature-based solutions as "actions to protect, sustainably manage, and restore natural or modified ecosystems, that address societal challenges effectively and adaptively, simultaneously providing human well-being and biodiversity benefits."[8]

14 Estimates of the global potential of nature-based solutions to create additional carbon sequestration range from 280 to 550 gigatonnes by 2050.[9]

Aligning Climate and Biodiversity policy

The climate and biodiversity crises are inextricably linked, and urgent action is needed on both fronts

15 Aotearoa's indigenous biodiversity is at a crisis point. Despite progress in conservation management over the past 20 years, approximately 4000 species are threatened or are at risk of extinction. Our indigenous species are found nowhere else on Earth. This makes them not only nationally but globally important. There have been 79 species lost to extinction since the arrival of humans to Aotearoa New Zealand, 59 of which are birds.

16 At the recent Glasgow COP26 climate conference, parties emphasised the "importance of protecting, conserving and restoring nature and ecosystems to achieve the Paris Agreement temperature goal, including through forests and other terrestrial and marine ecosystems acting as sinks and reservoirs of greenhouse gases and by protecting biodiversity, while ensuring social and environmental safeguards."[10]

17 Domestically, the Climate Change Commission has also recognised that climate policy cannot be developed in isolation, and recommended that the government "take a whole of systems approach that addresses climate change in parallel with wai (water) and whenua (land)."[11]

18 Cabinet, when agreeing the implementation plan for the ANZBS, noted that joined-up efforts that tackle biodiversity loss and climate change together are a

[7] CAB-20-MIN-0364

[8] United Nations Environmental Assembly has formally adopted the definition of nature-based solution as "actions to protect, conserve, restore, sustainably use and manage natural or modified terrestrial, freshwater, coastal and marine ecosystems, which address social, economic and environmental challenges effectively and adaptively, while simultaneously providing human well-being, ecosystem services and resilience and biodiversity benefits."

[9] *Nature-based Solutions for climate change mitigation*, UNEPP, Page 10. Available online at: https://wedocs.unep.org/xmlui/bitstream/handle/20.500.11822/37318/NBSCCM.pdf

[10] https://unfccc.int/sites/default/files/resource/cop26_auv_2f_cover_decision.pdf

[11] *Ināia tonu nei: a low emissions future for Aotearoa*, recommendation 6.4. Other recommendations relevant to aligning climate and biodiversity outcomes include: 5.g.i, 5.g.ii, 25.2.c, and 25.3.

priority area where existing work can be leveraged to accelerate progress – and that this was one of two priority areas with the fewest associated actions.

19 There is growing domestic and international recognition that the issues of climate resilience, mitigation, biodiversity and freshwater management are inextricably linked. It makes sense to develop policy that recognises this and promotes mutually supportive outcomes across these areas. For example, restoring wetlands and encouraging riparian planting of ecologically appropriate species can improve freshwater quality, enhance carbon sequestration, provide habitat for both terrestrial and aquatic biodiversity, and increase resilience to the impacts of climate change. Partnering with tangata whenua on these initiatives is an opportunity to recognise Māori exercising rangatiratanga in relation to whenua.

20 Conversely, there are risks from actions that are not aligned. For example, using willows for riparian planting and flood protection can help with carbon sequestration and nutrient runoff, but in the wrong place can sometimes lead to the destruction of freshwater fish breeding grounds and the choking of waterways. Alternatively, planting appropriate native species could result in better outcomes across the board.

21 Incentives need to align across the Government's ambitious environmental agenda to achieve behaviour change at the landowner level. At a local level, delivering coordinated policy responses to address climate, biodiversity and freshwater issues is important. Regulations in these areas increasingly affect tangata whenua, landowners, rural communities, and the broader public. We have consistently heard through the consultation process that there needs to be a coherent set of regulations for landowners, and that compliance and administration needs to be streamlined.

Native forestry and carbon sequestration

22 The Climate Change Commission has recognised there needs to be better balance between native and exotic forests and has advised that Aotearoa will need to start now to grow new native forests so that carbon removals can be used to offset remaining long-lived greenhouse gas emissions from 2050 onwards. Establishing new native forests on less productive land offers a way to build up an enduring carbon sink that supports intergenerational equity while minimising loss to agricultural production and delivering wider benefits for climate resilience, erosion, soil health, water quality and biodiversity.

23 s 9(2)(g)(i) s 9(2)(g)(i) . Therefore we

[12] *Ināia tonu nei: a low emissions future for Aotearoa*, page 94.
[13] Ibid, page 177.

s 9(2)(g)(i) .

24 We agree and envision that development of a long-term carbon sink from native trees and other indigenous ecosystems will play an important role in helping New Zealand go net-negative in the second half of this century, and will help sequester emissions from sectors where it is difficult to move to a zero or low carbon model.

25 The Ministry for Primary Industries (**MPI**) is leading interagency work to promote greater levels of native afforestation and restoration, and which will be outlined in the forestry chapter of the Emissions Reduction Plan. Cabinet recently agreed to consult on whether to limit the permanent class of Emissions Trading System (**ETS**) to native species.[14]

26 There is also the potential for significant fiscal risks to be created through poorly aligned policy. For example, our current climate change settings encourage large scale exotic afforestation, while at the same time Government spending to control wilding pines is steadily increasing.[15]

27 Nature-based solutions are widely endorsed by the agricultural industry, tangata whenua, and other landowners and users who are impacted by environmental regulation. For example, nature-based solutions such as catchment and riparian planting can be of use to reduce exposure to the climate impacts of frequent extreme weather changes that the primary sector is particularly vulnerable to.

Better integration between climate and biodiversity policy can deliver multiple benefits

28 The ERP and National Adaptation Plan present an opportunity to drive greater integration and alignment within policies responding to the biodiversity and climate crises. Without intervention, there is a risk that climate and biodiversity policies will remain siloed and at times may act against each other.

29 We propose that a guiding principle of the ERP is that policies, planning, and regulation should protect, enhance, and restore nature where possible, and any impacts on nature should be mitigated as much as possible. In practice, this will mean the development and design of climate policy will also need to include analysis of the potential positive and negative impacts on biodiversity and wider environmental outcomes.

30 This would include consideration of what costs or co-benefits will be created for biodiversity outcomes. For example, decisions taken around forestry would take into account: potential negative impacts and costs around wilding, fire risk and freshwater quantity. Analysis would also look at the value of potential positive impacts for biodiversity, and wider environmental outcomes.

[14] CAB-22-MIN-0041.
[15] *Wilding controls exist through the RMA/NES-PF, Biosecurity Act (council biosecurity plans), CCRA (the Emissions Trading Scheme) to prevent the spread of new wildings due to exotic afforestation.*

31 To enable this, the following lens would be applied to climate policy development:

31.1 Are there viable cost-effective ways in which we can enhance biodiversity and wider environmental, social, and economic outcomes?

31.2 Can we mitigate any potential impacts on biodiversity and wider environmental, social, and economic outcomes?

31.3 If we can't mitigate impacts, can these be offset?

31.4 If we can't mitigate or offset impacts to biodiversity, is this initiative so essential to achieving climate goals that these negative impacts are justified?

31.5 Is there the potential to use an alternative approach that minimises effects on biodiversity or addresses the problem in a different way, so biodiversity is not threatened?

31.6 Can we draw on mātauranga Māori in developing solutions? How can we help enable Māori to realise their aspirations?

31.7 Can we partner with Māori to deliver this programme?

Nature-based solutions to the climate emergency should be prioritised because of the multiple benefits they provide

32 Native ecosystems sequester a large amount of carbon. Reducing the loss of these ecosystems and enhancing their restoration can provide benefits for both climate change mitigation and adaptation as well as benefits for biodiversity.

33 Practical examples of nature-based solutions for climate adaptation and mitigation include:

33.1 Wetlands (e.g., mangroves, saltmarshes and seagrass beds) can sequester carbon and provide natural defences against sea level rise, flooding and extreme weather events, while supporting abundant biodiversity.

33.2 Restoring and planting indigenous forests in upper catchments, as well as storing carbon, can help reduce flooding downstream, reduce the amount of sediment going into rivers and estuaries, and improve habitats around rivers.

33.3 Integrating green spaces and other natural features into infrastructure in urban areas can help with temperature control, flood abatement, and air quality, provide recreational opportunities, make active transport more appealing, and improve health and wellbeing.

33.4 Protecting and enhancing marine carbon sinks ("blue carbon") such as the seabed and kelp forests will reduce wave intensity and coastal erosion caused by sea-level rise.

34 We propose that nature-based solutions be prioritised where possible for adaptation and carbon sequestration because of the multiple benefits they provide.

Proposed integrated work programme to better align climate and biodiversity policy

35 We propose integrating a programme of existing workstreams where there is potential for significant benefit to be realised for biodiversity, and where the potential for misalignment could create risks and potentially jeopardise achieving the goals of the ANZBS.

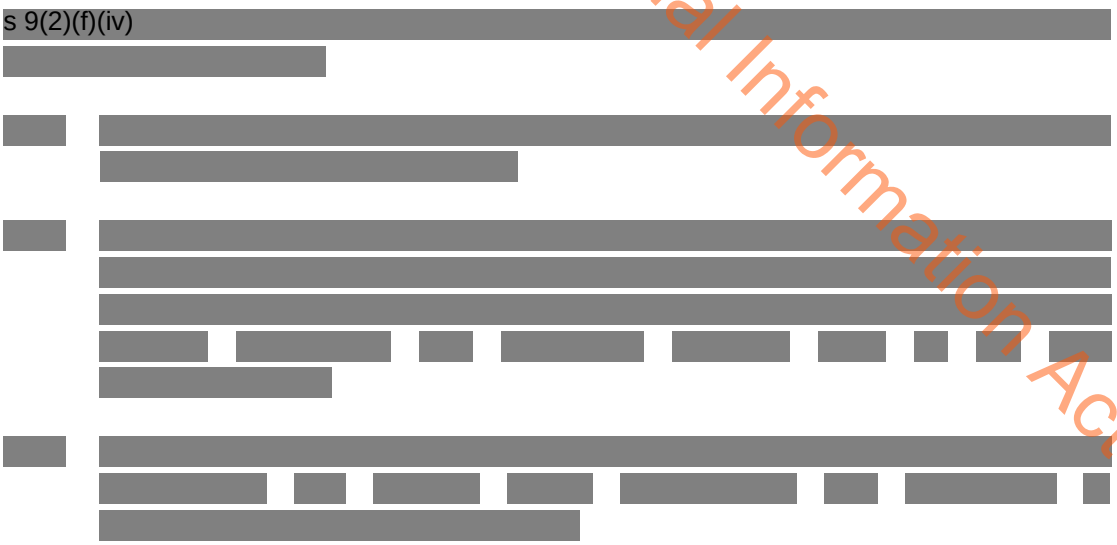
36 While the reduction of gross emissions is our priority, there will continue to be an important role for carbon sequestration and a significant opportunity to align carbon sequestration with realising the goals of the ANZBS.[16]

37 The work programme looks to address the key barriers, including by advancing New Zealand-specific research on non-forestry sequestration and the higher costs of investing in native ecosystems.

38 It also looks at how we could create better incentives for restoration of existing native forests within key regulatory settings such as the ETS, and how private and public funding for offsetting could be used to support biodiversity and climate outcomes (for example, there is evidence that investing in browser control can help forests sequester more carbon, Jobs for Nature has provided funding for pest control in the Raukumara forest which includes monitoring the carbon impact of this work).

39 This responds directly to the recommendations and analysis of the Climate Change Commission, which outlined a greater role for sequestration from native afforestation and proposed research into non-forest ecosystems.

40 s 9(2)(f)(iv)



[16] Carbon sequestration has a role to play for hard or impossible to abate emissions and for helping New Zealand go net-negative in the second half of the century, as per the Paris agreement.

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

41 Our proposed integrated work programme will be complemented by actions across rural, public conservation land and urban areas aimed at promoting climate, biodiversity, and wider environmental outcomes. Key areas of focus are outlined below.

Biodiversity work that helps realise our climate goals

41.1 the implementation of the ANZBS which has specific goals around indigenous vegetation and carbon sequestration (DOC);

41.2 the delivery of the DOC's Climate Change Adaptation Action Plan (CCAAP), which sets out actions to protect indigenous biodiversity and vegetation from climate change impacts (DOC);

41.3 the development and delivery of pest control plans, including a Wild Animal Management Strategy targeted at deer and other browsers (DOC), and

41.4 Protecting and restoring wetlands under the National Policy Statement – Freshwater Management.

How we look after our farmland will be important as well

41.5 Supporting integrated farm planning to deliver benefits for the climate, biodiversity, and freshwater.

Systems change is needed across our regulatory and planning settings

41.6 considering how the reform of the new resource management system can encourage the use of nature-based solutions such as wetlands to manage the impacts of sea level rise and flooding (MfE);

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

41.8 Facilitating a shift to a circular economy.

42 We propose this work programme be outlined at a high level in the aligning climate and biodiversity chapter of the Emissions Reduction Plan.

43 We also intend to cross reference relevant actions across the Emissions Reduction Plan that help promote biodiversity and nature-based solutions.

Implementation

44 DOC, MfE and MPI will lead the delivery of a work programme to align climate and biodiversity policy. This will run through to 2025 and be reviewed as part of the development of the 2025-2030 Emissions Reduction Plan. This will include

working with MfE to ensure that there is alignment and integration with the National Adaption Plan.

45 Responsibility for delivery of the work programme will sit with the Minister of Conservation, Minister of Climate Change, Minister of Forestry, Minister of Agriculture, and Associate Minister for the Environment (Biodiversity).

46 The work programme will be monitored by the inter-agency Climate Change Chief Executives Board and the Climate Response Ministerial Group. Reporting on the Emissions Reduction Plan will include impacts on biodiversity.

47 Further work will be commissioned on whether additional mechanisms will be required to implement the principles recommended in this paper on top of the existing climate governance, reporting and monitoring structures. For example, an option could be the inclusion of biodiversity in the Climate Impact Policy Assessment review.

Financial Implications

48 The decisions sought by this paper are not intended to have direct financial implications.

49 There is the potential for nature-based solutions to be cheaper than hard engineered solutions; for example, dune and wetland planting will usually be less expensive than levies or seawalls for managing the impacts of sea level rise. The multiple benefits that nature-based solutions provide across adaptation, mitigation and wider environmental outcomes will often make them a cost-effective option for realising multiple government goals.

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

51 There is also the potential for significant fiscal risks to be created through poorly aligned climate and biodiversity policy. Continued investment in protecting and enhancing nature can strongly assist with future climate outcomes.

Legislative Implications

52 There are no direct legislative implications resulting from the proposals in this paper.

Impact Analysis

Regulatory Impact Statement

53 An overarching Regulatory Impact Statement has been prepared by the Ministry for the Environment (with input from other agencies) to support Cabinet consideration of the first Emissions Reduction Plan.

54 The proposals in this paper do not have immediate legislative or regulatory implications. Officials will engage with the Treasury's Regulatory Impact Analysis Team to confirm the scope of Regulatory Impact Statements to support any future decisions by Cabinet on policies that will have regulatory impacts.

Climate Implications of Policy Assessment

55 The Climate Implications of Policy Assessment (CIPA) team has confirmed that CIPA requirements do not apply to the proposals in this paper as there are no direct emissions impacts from any of the decisions.

56 Some of the initiatives proposed in this paper will potentially require a CIPA when further decisions are sought.

57 Better aligned climate and biodiversity policy should result in mutually supportive outcomes in both areas.

Population Implications

58 There are no implications for specific population groups arising as a direct result of decisions sought this paper.

Te Tiriti o Waitangi

59 A common theme during engagement with Māori on the Emissions Reduction Plan was that a holistic view and cross-cutting actions are required to realise improved and enduring outcomes for te taiao.

60 The proposed approach to this Emission Reductions Plan chapter, including the creation of an integrated work programme to deliver improved alignment in climate and biodiversity policy, responds to this feedback.

61 Our engagement to date has made it clear that Government will need to work closely with tangata whenua in developing policies that help promote nature-based solutions. A wide range of Māori entities (including marae, kura Kaupapa Māori, iwi, rūnanga, and hapū organisations) already are actively undertaking nature-based initiatives.

Human Rights

62 The proposals in this paper are consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Consultation

63 The following agencies were consulted in the development of this paper: 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; Te Tūāpapa Kura Kainga - Ministry of Housing and Urban Development;

Department of Prime Minister and Cabinet; Te Puni Kōkiri; Waka Kotahi NZ Transport Agency, Kāinga Ora, Department of Internal Affairs, and Te Arawhiti.

64 Consultation with the public on the Emissions Reduction Plan was conducted over October and November in 2021. This built on earlier consultation by the Climate Change Commission. These consultations have been drawn on in the development of these proposals.

Communications

65 There will be no proactive communications of the proposals in this paper. Communications will be developed in line with any decisions made as part of the Emissions Reduction Plan.

Proactive Release

66 This paper will be proactively released once the Emissions Reduction Plan has been published in May 2022, with redactions as appropriate in line with the Official Information Act 1982.

Recommendations

The Minister of Conservation and Minister of Climate Change recommend the Committee:

1 **Note** that parties to Glasgow COP26 outlined that climate policy needs to "emphasise the importance of protecting, conserving and restoring nature and ecosystems to achieve the Paris Agreement temperature goal, including through forests and other terrestrial and marine ecosystems acting as sinks and reservoirs of greenhouse gases and by protecting biodiversity, while ensuring social and environmental safeguards."

2 **Note** Te Mana o te Taiao – Aotearoa New Zealand Biodiversity Strategy 2020 includes an objective that biodiversity provides nature-based solutions to climate change and is resilient to its effects;

3 **Note** that nature-based solutions look to nature and the contributions it provides, as a response to both the climate and biodiversity crises. They include such things as restoring coastal wetlands to sequester emissions, protecting the coast against sea level rise, and providing a habitat for biodiverse species;

4 **Agree** that a guiding principle of the Emissions Reduction Plan be that climate mitigation policies, planning and regulation should protect, enhance and restore nature where possible, and any impacts on nature should be mitigated as much as possible;

5 **Agree** that in Aotearoa's planning and regulatory systems, nature-based solutions should be prioritised where possible for adaptation and carbon sequestration because of the multiple benefits they provide;

6 **Note** further work will be commissioned on whether additional mechanisms will be required to implement the principles recommended in this paper on top of the existing climate governance, reporting and monitoring structures;

7 **Agree** that an integrated work programme comprised of existing workstreams (as outlined in Appendix 1) will be established to deliver climate, biodiversity and wider environmental benefits, and that this will be signalled in the Emissions Reduction Plan;

8 **Agree** that biodiversity is included as we develop the wider approach for monitoring and reporting of the Emissions Reduction Plan.

Authorised for lodgement

Hon Kiritapu Allan
Minister of Conservation

Hon James Shaw
Minister of Climate Change

Appendix 1: Proposed integrated work programme to deliver climate, biodiversity and wider environmental benefits

Integrated work programme focus:

- Enabling sequestration from native afforestation and other native, non-forest ecosystems, in line with the Climate Change Commission's recommendations. The identified workstreams realise opportunities to address key barriers including the lack of New Zealand-specific science around carbon sequestration in non-forestry ecosystems.
- Aligning carbon sequestration efforts with the goals and objectives of Te Mana o te Taiao – Aotearoa New Zealand Biodiversity Strategy 2020.

s 9(2)(f)(iv)

ENV-22-MIN-0012

Cabinet Environment, Energy and Climate Committee

Minute of Decision

Emissions Reduction Plan: Aligning Climate and Biodiversity Policy

Portfolios **Conservation / Climate Change**

On 31 March 2022, the Cabinet Environment, Energy and Climate Committee:

1 **noted** that parties to Glasgow COP26 outlined that climate policy needs to emphasise the importance of protecting, conserving and restoring nature and ecosystems to achieve the Paris Agreement temperature goal, including through forests and other terrestrial and marine ecosystems acting as sinks and reservoirs of greenhouse gases and by protecting biodiversity, while ensuring social and environmental safeguards;

2 **noted** that *Te Mana o te Taiao – Aotearoa New Zealand Biodiversity Strategy 2020* includes an objective that biodiversity provides nature-based solutions to climate change and is resilient to its effects;

3 **noted** that nature-based solutions look to nature and the contributions it provides, as a response to both the climate and biodiversity crises and that they include such things as restoring coastal wetlands to sequester emissions, protecting the coast against sea level rise, and providing a habitat for biodiverse species;

4 **agreed** that a guiding principle of the Emissions Reduction Plan (ERP) be that climate mitigation policies, planning and regulation should protect, enhance and restore nature where possible, and any impacts on nature should be mitigated as much as possible;

5 **agreed** that in Aotearoa New Zealand's planning and regulatory systems, nature-based solutions should be prioritised where possible for adaptation and carbon sequestration because of the multiple benefits they provide;

6 **noted** that further work will be commissioned on whether additional mechanisms will be required to implement the principles recommended in the paper attached under ENV-22-SUB-0012 on top of the existing climate governance, reporting and monitoring structures;

7 **agreed** that an integrated work programme comprised of existing workstreams, attached as Appendix 1 to the paper under ENV-22-SUB-0012, will be established to deliver climate, biodiversity and wider environmental benefits, and that this will be signalled in the ERP;

8 **agreed** that biodiversity is included as the government develops the wider approach for monitoring and reporting of the ERP.

Vivien Meek
Committee Secretary

Present:
Hon Kelvin Davis
Hon Dr Megan Woods
Hon David Parker (Chair)
Hon Damien O'Connor
Hon Michael Wood
Hon Kiri Allan
Hon Phil Twyford
Hon James Shaw
Rino Tirikatene, MP

Officials present from:
Office of the Prime Minister
Officials Committee for ENV