



## Proceeds from the NZ ETS Cabinet paper for consultation

Date Submitted:	2 July 2020	2020-B-06919	
Security Level	In confidence	MfE Priority:	Non-Urgent

	<b>Action sought:</b>	<b>Response by:</b>
Hon James Shaw, Minister for Climate Change	Agree to begin Ministerial consultation on the attached Cabinet paper	6 July 2020

Actions for Minister's Office Staff	Circulate the Cabinet paper to Ministerial offices for consultation Return the signed report to MfE.
Number of appendices and attachments: 1	Cabinet paper: <i>Proceeds from the New Zealand Emissions Trading Scheme</i>

### Ministry for the Environment contacts

Position	Name	Cell phone	1 <sup>st</sup> contact
Principal Author	Scott Gulliver		
Responsible Manager	Matthew Cowie	021 531 288	✓
Director	Roger Lincoln		



Ministry for the  
**Environment**  
Manatū Mō Te Taiao



*Making Aotearoa New Zealand  
the most liveable place in the world*  
Aotearoa – he whenua mana kura mō te tangata

## Proceeds from the NZ ETS Cabinet paper for consultation

1. Attached to this briefing is a Cabinet paper for circulation and consultation with your Ministerial colleagues. Officials are available to discuss this paper at the next weekly MfE officials meeting if needed.
2. We have updated the Cabinet paper following your and DPMC's comments on the draft paper. These new sections have been inserted;
  - a. Paragraph 19, which describes the 'double dividend' economic argument for retaining the NZ ETS inflows in the centre
  - b. More detail about the opportunity cost from revenue recycling in paragraph 20
  - c. A new paragraph 27 and table underneath identifying possible difference from auctioned units and purchase of offshore mitigation to meet our NDC
  - d. A new fiscal implications paragraph noting hypothecation redirects and 'tags' existing Government spending
  - e. Additional recommendations noting the benefits of revenue recycling (5) and directing the Minister to provide further advice to Cabinet by the end of the year on the merits and establishment options of a NZ ETS revenue recycling system (7)

### *Next steps*

3. We have sent the Cabinet paper to agencies for consultation. Lodgement is expected two weeks later and consideration at Cabinet ENV Committee alongside several other climate change policy papers on 23 July 2020.

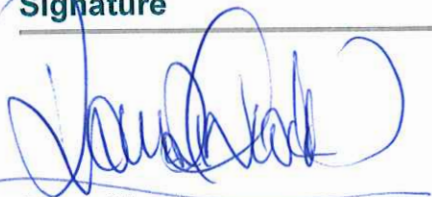
## Recommendations

---

4. We recommend that you:
  - a. **Circulate** the Cabinet paper for Ministerial consultation Yes / No
  - b. **Meet** with officials for further discussion Yes / No

**Signature**

---



Roger Lincoln  
Director:  
**Climate Change Directorate**

Hon James Shaw  
**Minister for Climate Change**

**Date**

**Appendices: Draft Cabinet paper**

*Proceeds from the New Zealand Emissions Trading Scheme*