



Draft NZ ETS proceeds Cabinet paper for comment

Date Submitted:	25 June 2020	2020-B-06916	
Security Level	In confidence	MfE Priority:	Non-Urgent

	Action sought:	Response by:
Hon James Shaw, Minister for Climate Change	Provide feedback on draft Cabinet paper	1 July 2020

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

Ministry for the Environment contacts

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

Draft NZ ETS proceeds Cabinet paper for comment

1. Attached to this briefing is a draft Cabinet paper for your comment. Officials are available to discuss this paper at the next weekly MfE officials meeting.
2. The Cabinet paper responds to the request from the Cabinet ENV Committee on 14 May 2020 for information on NZ ETS fiscal accounting and use of revenues. This recommendation was added by the Committee to the Cabinet paper: *Policy approvals for the Emissions Trading Reform Bill*, which discussed the increase to the fixed price option among several other matters.
3. The Cabinet paper notes the NZ ETS has and will continue to provide unencumbered cash to the Crown. It also notes the potential for this cash to be directed to specific climate change related uses. For example; reserving cash for purchasing offshore abatement to make up the difference between domestic emissions and our Nationally Determined Contribution.
4. Officials consider there may be benefit in increasing and improving financial information regarding climate change commitments and measures. This could influence decisions on targeted use of the cash and policy decisions through changes to the Treasury's cost benefit analysis tool and the climate impacts of policy assessment requirement. If supported by yourself and Cabinet, we will proceed with analysis on this topic. One template suggested by the Treasury is the annual Student Loan Scheme report.

Next steps

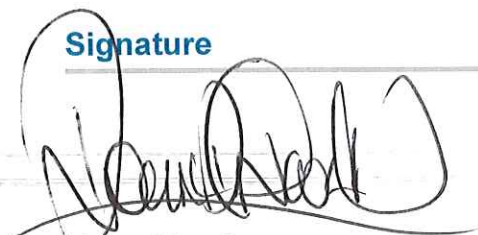
5. A final draft will be provided for you to start Ministerial consultation on 2 July 2020. Lodgement is expected two weeks later and consideration at Cabinet ENV Committee alongside several other climate change policy papers on 23 July 2020.

Recommendations

6. We recommend that you:
 - a. **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

Managing Proceeds from the New Zealand Emissions Trading Scheme