



Draft Cabinet paper: Consultation on Government's proposed action on agricultural emissions

Date Submitted:	3 May 2019	Tracking #:	2019-B-05568
Security Level	In Confidence	MfE Priority:	Urgent

	Action sought:	Response by:
To Hon James Shaw, Minister for Climate Change CC Hon Damien O'Connor, Minister of Agriculture	Provide feedback to enable Ministerial consultation from Wed 8 – Wed 15 May	Monday 6 May

Actions for Minister's Office Staff	Return the signed report to MfE
Number of appendices and attachments #	Titles of appendices and attachments (ie separate attached documents): 1. Draft Cabinet paper: Consultation on Government's proposed action on agricultural emissions
Note any feedback on the quality of the report	

Ministry for the Environment contacts

Position	Name	Cell phone	1 st contact
Principal Author	Will Tait	section 9(2)(a)	
Responsible Manager	Mark Storey	022 068 7443	✓
Acting Director	Matt Cowie	021 531 288	

Key Messages

1. This briefing provides a draft Cabinet paper for you to review and provide feedback by Monday 6 May. The Cabinet paper seeks approval to:
 - a. release the discussion document for public consultation on the Government's response to the Interim Climate Change Committee's (Interim Committee) recommendations on agricultural emissions
 - b. enable the Interim Committee to continue operating until the establishment of the Climate Change Commission.
2. We have copied this paper to Minister O'Connor and are also seeking his feedback. This will allow us to incorporate feedback before you start Ministerial consultation on May 8.
3. This Cabinet paper is to be considered by Cabinet Environment, Energy and Climate Committee on 23 May. The timeframes for seeking Cabinet approval are:

What	By when
You provide feedback on Cabinet paper	Mon 6 May
Provide updated Cabinet paper to you	Tues 7 May
Consult with your Ministerial colleagues	Wed 8 – 15 May
Lodge Cabinet paper	Thurs 16 May
ENV meeting	Thurs 23 May
CAB meeting	Mon 27 May
Budget announcement	Thurs 30 May

Recommendations

5. We recommend that you:

- a. **Provide feedback** on the attached draft Cabinet paper by COP Monday 6 May

Yes/No

- b. **Agree** that this briefing and appendices will be released proactively on the Ministry for the Environment's website within after decisions.

Yes/No

Signatures



3/5/19

Matt Cowie
Acting Director, Climate Change

Hon James Shaw
Minister for Climate Change



Draft Cabinet paper for Ministerial consultation: Consultation on Government's proposed action on agricultural emissions

Date Submitted:	7 May 2019	Tracking #: 2019-B-05573	
Security Level	In Confidence	MfE Priority:	Urgent

	Action sought:	Response by:
To: Hon James Shaw, Minister for Climate Change	Refer the attached draft Cabinet paper to your Ministerial colleagues and seek feedback over the period 8-14 May	15 May 2019

Actions for Minister's Office Staff	Circulate the attached draft Cabinet paper and outline public discussion document to relevant Ministers' offices for feedback over the period 8-14 May Return the signed report to MfE.
Number of appendices and attachments: 2	Titles of appendices and attachments (ie separate attached documents): 1. Draft Cabinet paper: Consultation on Government's proposed action on agricultural emissions 2. Outline draft of public discussion document
Note any feedback on the quality of the report	

Ministry for the Environment contacts

Position	Name	Cell phone	1 st contact
Principal Author (Cabinet paper)	Will Tait	section 9(2)(a)	
Responsible Manager	Mark Storey	022 068 7443	✓
Director	Roger Lincoln	027 290 7625	

Draft Cabinet paper for Ministerial consultation: Consultation on Government's proposed action on agricultural emissions

1. This briefing provides a second draft of the Cabinet paper for Ministerial consultation.
2. The Cabinet paper seeks approval to:
 - a. release a discussion document for public consultation on the Government's response to the Interim Climate Change Committee's (Interim Committee) recommendations on agricultural emissions
 - b. enable the Interim Committee to continue operating until the establishment of the Climate Change Commission.
3. The paper is intended to go to Cabinet Environment, Energy and Climate Committee on 23 May. The planned timeframes are:

What	By when
Consult with your Ministerial colleagues	Wed 8 – Tues 14 May
Incorporate feedback from Ministerial consultation	Wed 15 May
Lodge Cabinet paper	Thurs 16 May
ENV meeting	Thurs 23 May
CAB meeting	Mon 27 May
Budget announcement	Thurs 30 May

4. The current draft of the paper incorporates feedback on the first draft, as discussed with you on Monday 6 May. It is no longer proposed to be a joint paper with the Minister of Agriculture.
5. The main change to the paper is the inclusion of a new proposal for legislation to provide a firm commitment to ensuring a price incentive at farm level is achieved, without prematurely closing off options for how best to implement this.
6. This change reflects our advice that:
 - a. the government is not in a position now to agree to legislate for a mandatory farm level emissions reporting date of 2023 and a farm level levy or ETS surrender obligation by 2025, as recommended by the Interim Committee
 - b. providing a strong emissions pricing signal at farm level to incentivise and reward good farm management practices that reduce greenhouse gas emissions is the desired long-term outcome
 - c. it is important to provide clarity and increased certainty through legislation of the intention to ensure a price incentive at farm level, even though the exact timing and how best to transition to that end-point requires further work and consultation (including the joint programme of work with the sector as proposed by the Interim Committee).

section 9(2)(h)

7.

Recommendations

8. We recommend that you:

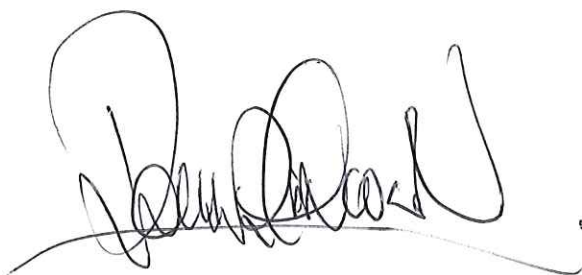
- a. **Agree** that it is important to provide clarity and increased certainty that a strong emissions pricing signal at farm level is the intended long-term policy outcome, and that a firm commitment to achieve this should be included in legislation as proposed in the draft Cabinet paper

Yes/No

- b. **Consult** with your Ministerial colleagues on the attached draft Cabinet paper and outline public discussion document and provide feedback by 15 May

Yes/No

Signatures



Roger Lincoln
Director, Climate Change

Hon James Shaw
Minister for Climate Change



Draft Cabinet paper for Ministerial consultation: Consultation on Government's proposed action on agricultural emissions

Date Submitted:	9 May 2019	Tracking #:	2019-B-05596
Security Level	In Confidence	MfE Priority:	Urgent

	Action sought:	Response by:
To: Hon James Shaw, Minister for Climate Change	Refer the attached draft Cabinet paper to your Ministerial colleagues and seek feedback over the period 10-16 May	10 May 2019

Actions for Minister's Office Staff	Circulate the attached draft Cabinet paper and outline public discussion document to relevant Ministers' offices for feedback over the period 10-16 May Return the signed report to MfE.
Number of appendices and attachments: 2	Titles of appendices and attachments (ie separate attached documents): 1. Draft Cabinet paper: Consultation on Government's proposed action on agricultural emissions 2. Outline draft of public discussion document
Note any feedback on the quality of the report	

Ministry for the Environment contacts

Position	Name	Cell phone	1 st contact
Principal Author (Cabinet paper)	Will Tait	section 9(2)(a)	
Responsible Manager	Mark Storey	022 068 7443	✓
Director	Roger Lincoln	027 290 7625	

Draft Cabinet paper for Ministerial consultation: Consultation on Government's proposed action on agricultural emissions

1. This briefing provides an updated draft of the Cabinet paper for Ministerial consultation.
2. The Cabinet paper seeks approval to:
 - a. release a discussion document for public consultation on the Government's response to the Interim Climate Change Committee's (Interim Committee) recommendations on agricultural emissions
 - b. enable the Interim Committee to continue operating until the establishment of the Climate Change Commission.
3. The paper is intended to go to Cabinet Environment, Energy and Climate Committee on 23 May. The planned timeframes are:

What	By when
Consult with your Ministerial colleagues	Fri 10 – Thurs 16 May
Incorporate feedback from Ministerial consultation	Thurs 16 May
Lodge Cabinet paper	Thurs 17 May
ENV meeting	Thurs 23 May
CAB meeting	Mon 27 May
Budget announcement	Thurs 30 May

4. The current draft of the paper incorporates your feedback on the first draft, and second, as discussed with your office. It is no longer proposed to be a joint paper with the Minister of Agriculture.
5. The main change to the paper is the inclusion of a new proposal for legislation to provide a firm commitment to signal a transition to a price incentive at farm level, while ensuring flexibility for how best to implement this and when.
6. This change reflects our advice that:
 - a. it is important to provide clarity and increased certainty through legislation of the intention to ensure a price incentive at farm level,
 - b. There is flexibility on the exact timing and the choice of pricing scheme at the farm level (to be informed by consultation and the joint programme of work with the sector as proposed by the Interim Committee).
7. We also added paragraphs in the draft Cabinet paper (paragraph 7, 29, and recommendation 26) to explain how the policy proposals align with the split gas targets to be set in legislation in the Zero Carbon Bill.

Recommendations

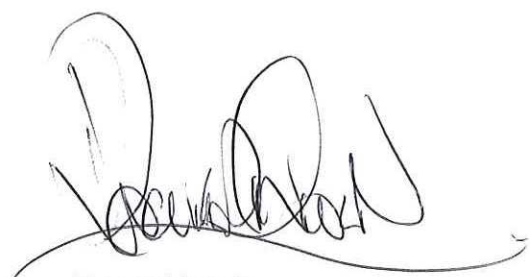
8. We recommend that you:

a. **Agree** that it is important to:

- provide clarity and increased certainty through legislation of the intention to ensure a price incentive at farm level,
- ensure flexibility on the exact timing and the choice of pricing scheme at the farm level (to be informed by consultation and the joint programme of work with the sector as proposed by the Interim Committee).

Yes/No

Signatures

A handwritten signature in black ink, appearing to read 'Roger Lincoln', with a large, stylized flourish extending from the end of the signature.

Roger Lincoln
Director, Climate Change

Hon James Shaw
Minister for Climate Change



Updated discussion document and timeframes for consultation on agriculture

Date Submitted:	28 May 2019	Tracking #: 2019-B-05652	
Security Level	In Confidence	MfE Priority:	Urgent

	Action sought:	Response by:
To: Hon James Shaw, Minister for Climate Change	Agreement	29 May 2019

Actions for Minister's Office Staff	Return the signed report to MfE.
Number of appendices and attachments: 1	1. Draft discussion document, <i>Action on Agricultural Emissions</i>
Note any feedback on the quality of the report	

Ministry for the Environment contacts

Position	Name	Cell phone	1 st contact
Principal Author	William Tait	-	
Responsible Manager	Mark Storey	022 068 7443	✓
Director	Janine Smith	021 144 7617	

Updated discussion document and timeframes for consultation on agriculture

1. This briefing provides for your feedback and direction:
 - a. an updated draft discussion document, *Action on agricultural emissions* (Appendix 1)
 - b. timeframe options for incorporating relevant decisions on agriculture in the Climate Change Response Amendment Bill (CCRAB).
2. Our advice is presented in the context of the Government's preference for any legislative changes resulting from Cabinet decisions on agriculture and climate change policy to be included in the Climate Change Response Amendment Bill (CCRAB), section 9(2)(f)iv
section 9(2)(f)iv

Updated draft discussion document

3. section 9(2)(f)(iv) this version of the discussion document now describes two options considered by the Interim Committee as an interim measure for agriculture in the transition to a farm-level pricing scheme by 2025:
 - i. processor-level obligations in the New Zealand Emissions Trading Scheme (NZ ETS)
 - ii. a formal agreement between the Government and agricultural sector, with specific commitments for action and investment emissions reduction.
4. Both options are presented in the discussion document without the Government's preferred option to seek feedback from sector stakeholders, iwi/Māori and the general public. However, our advice to date has aligned with the Interim Committee's recommendation for a processor-level price on agricultural emissions in the NZ ETS, as an interim measure (see 2019-B-05536).
5. We note the Ministry for the Environment and Ministry for Primary Industries are in the process of preparing a joint aide-memoire, with advice on the necessary elements that should be included in a formal agreement. This aide-memoire will be provided separately to you and the Minister of Agriculture.
6. We recommend meeting with officials as soon as possible to discuss the changes to the draft discussion document, as well as our advice in the joint aide-memoire, prior to any consultation with ministerial colleagues.

section 9(2)(f)(iv)

section 9(2)(h)

section 9(2)(f)(iv)

section 9(2)(f)(iv)



Recommendations

11. We recommend that you:

- a. **Agree** to meet with officials to discuss the updated draft discussion document, provided in Appendix 1, and the joint aide-memoire being provided separately

Yes/No

Signature



Janine Smith
Director
Climate Change Directorate

28/5/19.

Hon James Shaw
Minister for Climate Change

Date



Revised draft discussion document on agriculture

Date Submitted:	18 June 2019	Tracking #: 2019-B-05710	
Security Level	In confidence	MfE Priority:	Urgent

	Action sought:	Response by:
To Hon James Shaw, Minister for Climate Change	Provide any feedback on the discussion document and direction on the timing.	12pm 19 June

Actions for Minister's Office Staff	Return the signed report to MfE.
Number of appendices and attachments 1	1. Draft discussion document, <i>Action on Agricultural Emissions</i>
Note any feedback on the quality of the report	

Ministry for the Environment contacts

Position	Name	Cell phone	1 st contact
Principal Author	Laura Symes	-	
Responsible Manager	Mark Storey	022 068 7443	✓
Director	Roger Lincoln	027 290 7625	

Revised draft discussion document on agriculture

1. This briefing provides for your feedback and direction on:
 - a. an updated draft discussion document, *Action on agricultural emissions* (Appendix i)
 - b. sharing the draft discussion document with the Primary Sectors Leaders Group (Leaders Group)
 - c. options for Cabinet consideration of the Cabinet paper and discussion document

Updated draft discussion document

2. The draft discussion document has been updated following the meeting with the Primary Sectors Leaders Group (Leaders Group) the Prime Minister, and yourself, last week.
3. We have tracked changes in the discussion document which reflect the Leader Group's proposal
4. We have also included further detail for the impacts of pricing livestock emissions at the farm level. This detail is necessary to meet likely RIS requirements.
5. Due to the timeframe, officials recommend that you provide feedback on these changes by 12pm Wednesday 19 June.

section 9(2)(h)

Provide the document to Leaders Group

7. We advise that the draft discussion document, in confidence and good faith, is shared with the chair of the Leaders Group Mike Petersen, for comment and to ensure that we have correctly described the proposal.
8. If you approve, we recommend that the Deputy Secretary of either the Ministry for the Environment or the Ministry for the Primary Industries forward the document to Mike Petersen.

Timing

9. You have the option of taking the agriculture Cabinet paper straight to Cabinet on the 24 June or through ENV committee on the 27 June (potentially with power to act as Cabinet).

Option:	1 Cabinet	2 ENV (preferred)	3 ENV – with approval to act
Lodgement date:	Friday 21 June (Late lodgement)	Tuesday 25 June (late lodgement subject to Cabinet Office approval)	N/A - oral item at Cabinet on 24 June giving ENV power to act
ENV date:	N/A	Thursday 27 June	ENV 27 June
Cabinet date:	Monday 24 June	Monday 1 July	

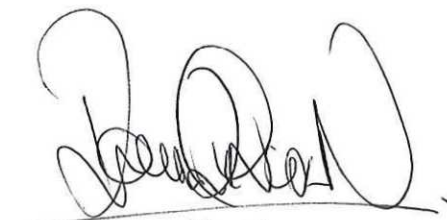
10. Note you are not in the country the week beginning 1 July. We propose that if you decide to go forward with option 2 your office will need to arrange for another Minister to take the paper to Cabinet on 1 July on your behalf.

Recommendations

11. We recommend that you:

- a. **Note** the changes made in the draft discussion document to reflect the Leaders Group proposal in Appendix 1
- b. **Note** officials require your feedback on the draft discussion document by **12pm Wednesday 19 June**
- c. **Agree** for the draft discussion document to be circulated to Mike Petersen from the Leaders Group
Yes/No
- d. **Provide** officials with direction on your preferred timing option for consideration of the Cabinet paper. You have options to take this paper either:
 - i. straight to Cabinet on 21 June
Yes/No
 - ii. to ENV on 27 June and Cabinet on 1 July
Yes/No
 - iii. to ENV with power to act as Cabinet on 27 June
Yes/No
- e. **Agree** that this briefing and appendices will be released proactively on the Ministry for the Environment's website once final policy decisions have been made
Yes/No

Signature



Roger Lincoln
Director
Climate Change Directorate

Hon James Shaw
Minister for Climate Change

Date

Updated Cabinet paper on proposed action on agricultural emissions for ministerial consultation

Date Submitted:	25 June 2019	Tracking #: 2019-B-05725	
Security Level	In confidence	MfE Priority:	Urgent

	Action sought:	Response by:
To Hon James Shaw, Minister for Climate Change	Refer the attached draft Cabinet paper to your ministerial colleagues and seek feedback by midday Wednesday 26 June	25 June

Actions for Minister's Office Staff	Circulate the attached draft Cabinet paper to relevant Ministers' offices for feedback by midday Wednesday 26 June . Return the signed report to MfE.
Number of appendices and attachments 1	Titles of appendices and attachments: 1. Draft Cabinet Paper: Consultation on Government's proposed action on agricultural emissions (Appendix 1)
Note any feedback on the quality of the report	

Ministry for the Environment contacts

Position	Name	Cell phone	1 st contact
Principal Author	Laura Symes	-	
Responsible Manager	Mark Storey	022 068 7443	✓
Director	Roger Lincoln	027 290 7625	

Updated Cabinet paper on proposed action on agricultural emissions for ministerial consultation

1. This briefing provides you with an updated version of the draft Cabinet paper, Consultation on Government's proposed action on agricultural emissions (Appendix 1), for ministerial consultation.
2. We require any feedback from ministerial consultation by **midday Wednesday 26 June** to allow for late lodgement to Environment, Energy and Climate (ENV) Committee meeting on Thursday 27 June. We note the Primary Sector Leaders Group is providing feedback on the draft discussion document at the same time.
3. We also advise on timing of final policy decisions through to the introduction of the Climate Change Response Amendment Bill (the Bill).

Updated draft Cabinet paper

4. Following your meeting with Ministers Parker and Jones on 19 June, and due to time constraints for the Bill, we have incorporated your directions to instruct the Parliamentary Counsel Office (PCO) to begin drafting all proposed legislative options, including:
 - pricing fertiliser emissions at processor level in the NZ ETS;
 - applying voluntary farm-level reporting on livestock emissions in the NZ ETS from 2023 and mandatory farm-level reporting from 2024;
 - enabling farm-level obligations on livestock emissions in the NZ ETS from 2025 (subject to an interim review requirement in 2022 regarding whether this timeframe is feasible);
 - both proposals for an interim measure:
 - processor-level obligations for livestock emissions in the NZ ETS
 - a formal agreement between the Government and agricultural sector.

section 9(2)(f)(iv)



*Note relating to paragraph 2.

The Primary Sector Leaders Group did not provide feedback on the draft discussion document. They viewed the document only to ensure that the Government had portrayed their proposal accurately

section 9(2)(f)(iv)



Recommendations

8. We recommend that you:

- a. **Agree** to forward the Cabinet paper (Appendix 1) for ministerial consultation and seek feedback by midday Wednesday 26 June

Yes/No

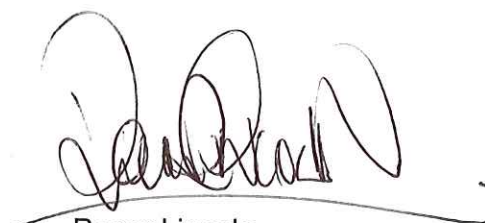
- b. **Note** the aim for the Cabinet paper and discussion document to be lodged for ENV committee tomorrow 27 June

- c. **Note** the proposed timeframe for final policy decisions and introduction of the Bill in Table 1

- d. **Agree** that this briefing and appendices will be released proactively on the Ministry for the Environment's website once final policy decisions have been made.

Yes/No

Signature



Roger Lincoln
Director
Climate Change Directorate

Hon James Shaw
Minister for Climate Change

Date