



Cabinet

Minute of Decision

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The 100 Day Plan for Climate Change

Portfolio **Climate Change**

On 18 December 2017, following reference from the Cabinet Business Committee, Cabinet:

Zero Carbon Bill

- 1 **noted** that the Minister for Climate Change Issues intends to introduce a Zero Carbon Bill (subject to Cabinet approval in 2018) to:
 - 1.1 define a target for reducing greenhouse gas emissions by 2050;
 - 1.2 codify the role, powers and functions of an independent Climate Change Commission in law;
- 2 **invited** the Minister for Climate Change to report to Cabinet by 31 May 2018 on the content of a public discussion document and innovative consultation options, including:
 - 2.1 the proposed content of a Zero Carbon Bill;
 - 2.2 options for a 2050 greenhouse gas emissions reduction target;
 - 2.3 options for a Climate Change Commission;
- 3 **invited** the Minister for Climate Change to seek Cabinet policy decisions on the Zero Carbon Bill by 31 August 2018 (following public consultation), with a view to introducing the Zero Carbon Bill to Parliament by 31 October 2018;
- 4 **noted** that the Minister for Climate Change intends that the Zero Carbon Bill be included in the 2018 Legislation Programme with a category 5 priority (to be referred to a select committee in 2018), with a view to passing the Bill in 2019;
- 5 **agreed** to the following key principles to ensure a just and effective transition:
 - 5.1 taking a transparent and participative approach to climate change policy, with wide community, business and Māori engagement and consultation (acting consistently with the principles of the Treaty of Waitangi), and ensuring cross-party support;
 - 5.2 ensuring that policy settings provide investment predictability, so as to help businesses and communities plan ahead by being clear about what the government's climate change goals are now;

- 5.3 being ambitious with respect to reducing New Zealand's gross emissions by not unduly relying on international emissions reductions to meet the government's targets, while retaining all options at this point;
- 5.4 creating enduring institutional arrangements for climate change and environmental governance, with decisions underpinned by strong data and evidence;

Net zero goal

- 6 **noted** that the Minister for Climate Change has asked officials to do further work on a greenhouse gas emissions reduction target for 2050 (including economic modelling and analysis);

Climate Change Commission and Interim Climate Change Committee

- 7 **noted** the intention to establish an independent Climate Change Commission in mid-2019 (subject to the Zero Carbon Bill legislative process);
- 8 **noted** the importance of progressing work on priority matters, such as the role of agriculture in climate change policy and transitioning to 100 percent renewable electricity, before the Climate Change Commission is established;
- 9 **agreed** to establish an Interim Climate Change Committee to prepare evidence and analysis on priority matters to be provided to the Climate Change Commission when it is established;
- 10 **noted** the intention for the Climate Change Commission to provide recommendations to the government on priority matters, such as the role of agriculture in climate change policy and the transition to 100 percent renewable electricity;
- 11 **invited** the Minister for Climate Change to report back to Cabinet by 28 February 2018 on:
 - 11.1 the terms of reference for the Interim Climate Change Committee;
 - 11.2 the timing and sequencing of key government decisions on priority climate change policy matters;

New Zealand Emissions Trading Scheme

- 12 **noted** that on 5 July 2017, the previous government made in-principle decisions to improve the New Zealand Emissions Trading Scheme [EGI-17-MIN-0369];
- 13 **noted** that the Minister for Climate Change intends that changes to the New Zealand Emissions Trading Scheme through a Climate Change Response Amendment Bill be made by the end of 2019;

Climate Change Chief Executive Board

- 14 **invited** the Minister for Climate Change and the Minister of State Services to report back to Cabinet by 28 February 2018 on the terms of reference for a Climate Change Chief Executive Board;

Climate change impact analysis

- 15 **invited** Ministers of the Crown and government departments to consider impacts on climate change when developing policy proposals;

- 16 **invited** the Minister for Climate Change to report back to Cabinet by 15 December 2018 on options for introducing climate change impact assessments;

Ministerial meetings on climate change

- 17 **authorised** the Minister for Climate Change to establish a group of Ministers holding relevant portfolios, such as Environment, Energy and Resources, Forestry, Agriculture and Transport, to meet regularly on climate change;

Financial implications

- 18 **approved** the following changes to appropriations to give effect to the decision in paragraph 1 above, with a corresponding impact on the operating balance:

Vote Environment Minister for Climate Change	\$m – increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Multi-Category Expenses and Capital Expenditure: Climate Change MCA Departmental Output Expenses: Domestic Climate Change Programme Policy Advice (funded by revenue Crown)	0.460	0.180	-	-	-

- 19 **approved** the following changes to appropriations to give effect to the decision in paragraph 9 above, with a corresponding impact on the operating balance:

Vote Environment Minister for Climate Change	\$m – increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Multi-Category Expenses and Capital Expenditure: Climate Change MCA Departmental Output Expenses: Domestic Climate Change Programme Policy Advice (funded by revenue Crown)	0.774	2.841	-	-	-

- 20 **agreed** that the expenses incurred under paragraphs 18 and 19 above be managed against the operating and capital spending set out for the 100 Day Plan in the Fiscal Plan and reflected in the Half-Year Economic and Fiscal Update;
- 21 **agreed** that the above changes to appropriations for 2017/18 be included in the 2017/18 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
- 22 **noted** that the Fiscal Plan, consistent with the Budget Responsibility Rules, will ensure that the government is delivering a sustainable operating surplus across an economic cycle and reducing the level of net core Crown debt to 20 percent of GDP within the next five years;
- 23 **invited** the Minister for Climate Change to report back to Cabinet on the cost and benefits of policies to meet a new 2050 greenhouse gas emissions reduction target, and the fiscal implications of legislating a target, when seeking policy agreement by 31 August 2018;

- 24 **noted** that costs relating to policy development for the Zero Carbon Bill and the Climate Change Chief Executive Board will be absorbed within existing Vote Environment baselines;
- 25 **noted** that some funding for the Secretariat for the Interim Climate Change Committee will be absorbed within existing agency (Ministry for the Environment, Ministry of Business, Innovation and Employment, and Ministry for Primary Industries) baselines;
- 26 **noted** that if additional funding is required to fund ongoing expenses related to the Zero Carbon Bill, it will be sought through Budget 2019;

Publicity

- 27 **agreed** that the Minister for Climate Change may make announcements on the intent, process and potential timing for a Zero Carbon Bill and an Interim Climate Change Committee following Cabinet agreement;
- 28 **noted** that the paper under CBC-17-SUB-0056 will be published on the Ministry for the Environment's website following Cabinet agreement.

Michael Webster
Secretary of the Cabinet

Secretary's Note: This minute replaces CBC-17-MIN-0056. Cabinet added paragraph 11.2.

Hard-copy distribution:

Prime Minister
Deputy Prime Minister
Minister of Transport
Minister of Energy and Resources
Minister for the Environment
Minister of Agriculture
Minister of Forestry
Minister for Climate Change