Climate implications of policy assessment

Guide to estimating the greenhouse gas emission impacts of policies

Ministry for the Environment
Manatū Mō Te Taiao

Te Kāwanatanga o Aotearoa
New Zealand Government

Disclaimer

The information in this publication is, according to the Ministry for the Environment's best efforts, accurate at the time of publication. The Ministry will make every reasonable effort to keep it current and accurate. However, users of this publication are advised that:

- the information does not alter the laws of New Zealand, other official guidelines, or requirements
- it does not constitute legal advice, and users should take specific advice from qualified professionals before taking any action based on information in this publication
- the Ministry does not accept any responsibility or liability whatsoever whether in contract, tort, equity, or otherwise for any action taken as a result of reading, or reliance placed on this publication because of having read any part, or all, of the information in this publication or for any error, or inadequacy, deficiency, flaw in, or omission from the information in this publication
- all references to websites, organisations or people not within the Ministry are for convenience only and should not be taken as endorsement of those websites or information contained in those websites nor of organisations or people referred to.

This document may be cited as: Ministry for the Environment. 2019. *Climate implications of policy assessment: Guide to estimating the greenhouse gas emission impacts of policies.* Wellington: Ministry for the Environment.

First published in November 2019.

Updated in July 2020 and July 2024 by the
Ministry for the Environment
Manatū Mō Te Taiao
PO Box 10362, Wellington 6143, New Zealand
environment.govt.nz

ISBN: 978-1-98-857957-3

Publication number: ME 1474

Contents

Tables

Figures

1. Introduction

1.1 Purpose of this guide

The purpose of this guide is to support agencies in meeting the climate implications of policy assessment (CIPA) requirement, details of which can be found in section 1.2. This guide provides information on:

1. understanding the CIPA process
2. carrying out greenhouse gas emissions (GHG) analysis
3. answers to common questions.

This guide and supporting documents, can be found on the Ministry for the Environment website. For more information, please contact the Ministry's CIPA team at cipa@mfe.govt.nz.

1.2 CIPA requirement

From 1 November 2019, central government agencies are required to undertake and report on a GHG emissions analysis, known as a CIPA, for all policy proposals that:

- will impact on Aotearoa New Zealand's GHG emissions
- will go to Cabinet
- meet certain qualifying criteria.

This requirement will apply where:

- an objective of the policy proposal is to decrease GHG emissions

and/ or:

- the impact on greenhouse gas emissions is likely to be equal or above 0.5 million tonnes of carbon dioxide equivalent (CO_2-e)[1] within the first ten years of the proposal period
- for forestry-related proposals, the impact on greenhouse gas emissions is likely to be equal or above 3 million tonnes of CO_2-e within the first 30 years of the proposal period.

The above thresholds represent an annual average of 50,000 and 100,000 tonnes of CO_2-e respectively and have been lowered since the original threshold set in November 2019.

[1] Carbon dioxide equivalent is a way of consistently expressing the impact of different greenhouse gases in terms of the amount of carbon dioxide that would create the same amount of global warming.

The CIPA requirement:

- is limited to the direct GHG emission impacts of policies[2]
- focuses on Aotearoa New Zealand's GHG emissions
- includes assessment of GHG emission increases, decreases and sequestration[3]
- requires the key findings are reported in documentation provided to Ministers, and in the Cabinet paper.

1.4 Who should use this guide

This guide should be read when preparing policy proposals that will have impacts on Aotearoa New Zealand's GHG emissions, including when preparing:

a. policy proposals for Ministers and Cabinet

b. regulatory proposals that are subject to the Treasury's regulatory impact assessment (RIA) regime.

This guidance has been designed for central government agencies. However, this toolkit can be used by a wider set of stakeholders, such as local government, iwi, non-governmental organisations and community service providers.

1.5 Further information

This guide relates to the measuring of GHG emissions. Other documents of use when considering the GHG emission impacts of policy proposals are outlined in table 1.

Table 1: Guidance when considering GHG emission impacts of policy proposals

Name of document	Link
Measuring Emissions: A guide for organisations. 2024 detailed guide (Ministry for the Environment, 2024a)	https://environment.govt.nz/publications/measuring-emissions-a-guide-for-organisations-2024-detailed-guide/
New Zealand's Greenhouse Gas Inventory 1990–2022 (Ministry for the Environment, 2024b)	https://environment.govt.nz/facts-and-science/climate-change/new-zealands-greenhouse-gas-inventory/
Emissions tracker	https://emissionstracker.environment.govt.nz/
New Zealand's Fifth Biennial Report Under the United Nations Framework Convention on Climate Change (Ministry for the Environment, 2022a)	https://environment.govt.nz/publications/new-zealands-fifth-biennial-report/
New Zealand's Eighth National Communication under the United Nations Framework Convention on Climate Change and the Kyoto Protocol (Ministry for the Environment, 2022b)	https://environment.govt.nz/publications/new-zealands-eighth-national-communication/

[2] See section 4.2 for further information on direct and indirect impacts.

[3] Sequestration refers to the capture and long-term storage of carbon, associated with forests and other plant life. It is primarily considered for policy proposals that involve land use change.

The Ministry for the Environment intends that this guide is used alongside wider Government guidance on estimating the impacts of policy proposals. Some examples are outlined in table 2.

Table 2: Guidance when carrying out impact analysis

Name of document	Link
Government Expectations for Good Regulatory Practice (The Treasury, 2019a)	https://treasury.govt.nz/publications/guide/government-expectations-good-regulatory-practice
RIA Quick Guide (The Treasury, 2019b)	https://treasury.govt.nz/publications/guide/ria-quick-guide
Guide to Social Cost Benefit Analysis (The Treasury, 2016)	https://treasury.govt.nz/publications/guide/guide-social-cost-benefit-analysis
Guide to Cabinet's Impact Analysis Requirements (The Treasury, 2017)	https://treasury.govt.nz/publications/guide/guide-cabinets-impact-analysis-requirements-html

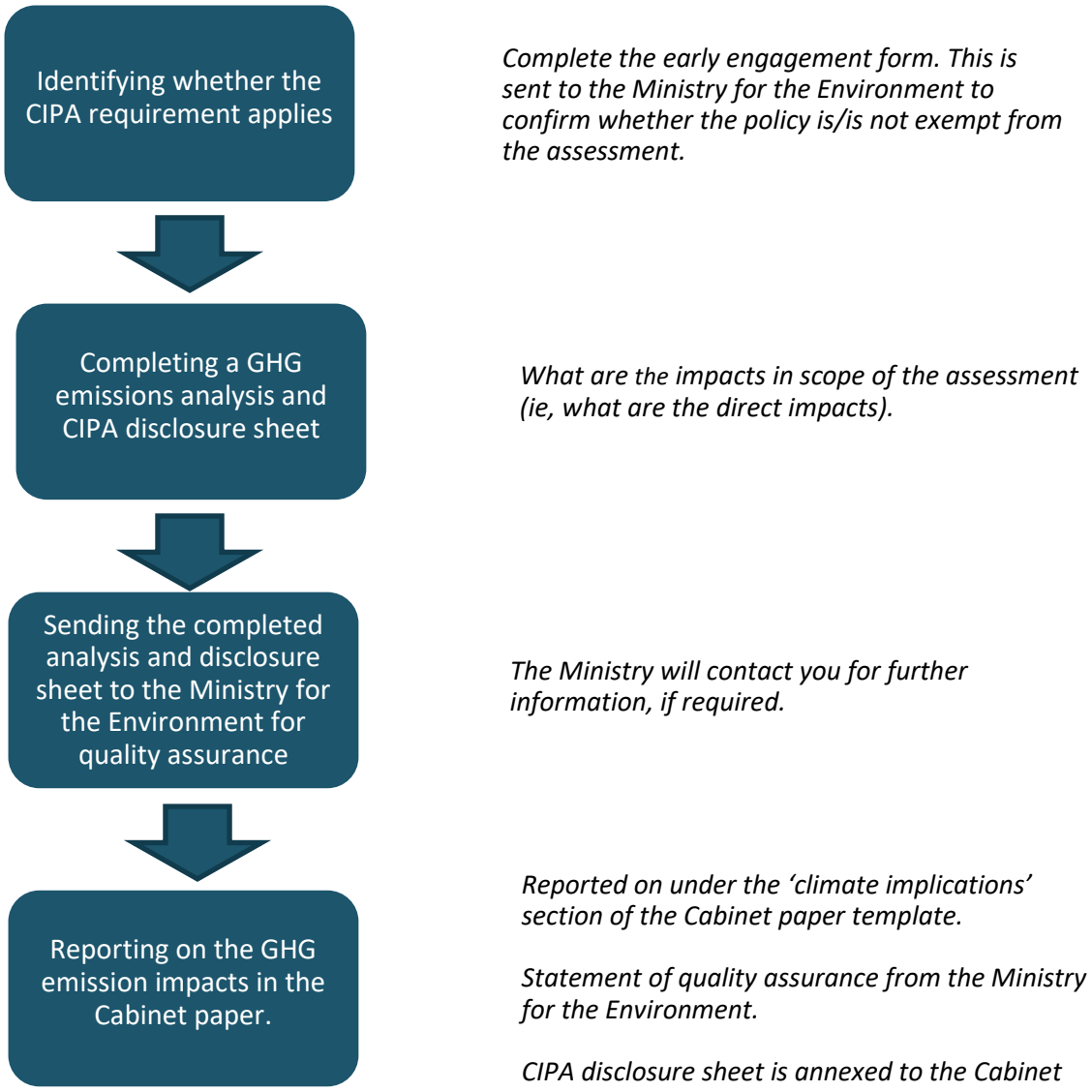
1.6 Feedback and improvements

The Ministry for the Environment welcomes suggestions on the CIPA process and guide. The Ministry will improve and update the guidance as we receive feedback and collect data on the information and outputs. Contact cipa@mfe.govt.nz for any comments and suggestions.

2. Understanding the climate implications of policy assessment process

This section explains the process for carrying out and reporting on the greenhouse gas (GHG) emission impacts of policy proposals under the climate implications of policy assessment (CIPA) requirement.

Figure 1: CIPA process



2.1 Step 1: Identifying whether the CIPA requirement applies

Central government agencies who are developing policy proposals that will go to Cabinet should complete an early engagement form (see appendix 2).

The purpose of the early engagement form is to identify policy proposals that are subject to the CIPA requirement, and so should disclose the GHG emissions impacts. To do this, the early engagement form asks two questions:

1. Is a reduction in GHG emissions is an explicit objective of the policy proposal?
2. Is the policy proposal is likely to have GHG emission impacts in one or more sectors that have been identified as being important for GHG emissions reductions?

Send the completed early engagement form to the Ministry for the Environment's CIPA team at cipa@mfe.govt.nz. The Ministry will then confirm whether the policy proposal is subject to, or exempt from, carrying out and reporting on a GHG emissions analysis under the CIPA requirement. Agencies may be required to provide more information on the proposal before a decision can be made.

The Ministry for the Environment's CIPA team will endeavour to return these forms as soon as possible. This should be within five working days.

2.1.1 GHG emissions reductions an explicit objective of the proposal

If an explicit objective of the policy is a reduction in GHG emissions, the CIPA requirement to carry out and report on a GHG emissions analysis applies in full.

2.1.2 GHG emissions reduction not an explicit objective of the proposal

For policy proposals where a reduction in GHG emissions is not an explicit objective, the Ministry for the Environment will determine whether the likely GHG emission impacts meet the appropriate threshold for significance. This threshold has been set as an increase or decrease in carbon dioxide equivalent of 0.5 million tonnes over the first ten years of the proposal period (representing an annual average of 50,000 tonnes), or 3 million tonnes over 30 years for forestry related proposals (representing an annual average of 100,000 tonnes).

To assess whether the GHG emissions threshold is likely to apply, the Ministry for the Environment's CIPA team will consider the information provided in the early engagement form.

The CIPA team will then be in contact for more information if necessary. For example, if they identify from the engagement form that a policy proposal will have an impact in the waste sector, then further analysis may be appropriate to determine whether that impact is projected to be above the threshold.

If the CIPA team determine that the GHG emissions threshold is met, the CIPA requirement to carry out and report on a GHG emissions analysis applies in full. If they determine that a CIPA is not required, agencies can still voluntarily complete and report on their GHG emissions analysis.

2.2 Step 2: Carrying out a GHG emissions analysis

2.2.1 Scope of analysis

In completing the GHG emissions assessment, analysis of the GHG emission impacts should be carried out for the preferred policy option(s) (both the agency's and the Minister's, should they differ). It is optional to complete a GHG emissions assessment for other options considered.

For Cabinet papers that present a range of options (for example, for the purposes of a consultation document), the GHG emissions analysis may be presented at a high level. The Ministry for the Environment expects that a more detailed analysis will be completed once the range of options has been narrowed to a preferred option(s).

2.2.2 Direct and indirect impacts

The CIPA requires reporting on the direct GHG emission impacts of policy proposals. At a minimum, the assessment must include consideration of these impacts in the CIPA analysis. It is optional whether the assessment also considers indirect GHG emission impacts.

More advice on carrying out GHG emissions analysis, including a discussion of direct and indirect impacts, can be found in section 4.2.

2.2.3 Embodied emissions

The CIPA requirement refers to GHG emissions generated in Aotearoa, so the direct GHG emissions from imported goods should not be included. This is most likely to be relevant for materials imported for manufacture, such as steel, aluminium, etc.

2.2.4 Main GHG emitting sectors

Analysis of the GHG emission impacts of policy proposals should consider the impacts on the following sectors:

- electricity
- transport
- waste
- agriculture
- industry (including industrial process heat and emissions from the creation of materials; eg, steel/aluminium)
- land-use change and forestry.

The CIPA requirement only applies to the GHG emissions identified and defined in New Zealand's Greenhouse Gas Inventory. This covers carbon dioxide, methane, nitrous oxide and fluorinated gases.

2.2.5 Timescales for analysis

The Climate Change Response (Zero Carbon) Amendment Act sets in statute a GHG emissions reduction target for 2050. A series of five-year GHG emissions budgets act as stepping stones to reach that target.

As a minimum the CIPA disclosure should report on the GHG emission impacts of policy proposals to 2035, to align with the first three GHG emission budgets on which Government will receive advice.

Where possible the CIPA should also report on the GHG emission impacts for the 2036–40, 2041–45 and 2046–50 GHG emission budget periods (acknowledging that the Government will not have yet received advice on what these budgets should be), to align with the GHG emissions reduction target for 2050.

Table 3: Timescales for reporting GHG emission impacts

Time period	Report on GHG emission impacts?
2020–25	Yes
2026–30	Yes
2031–35	Yes
2036–40	Where possible
2041–45	Where possible
2046–50	Where possible

2.3 Step 3: Reporting and disclosing the CIPA

If subject to the CIPA requirement, a summary of the GHG emission impacts of a policy proposal should be given under the heading 'Climate implications' in the Cabinet policy paper template.

The GHG emission impacts of the policy proposal should also be reported using the CIPA disclosure sheet (see appendix 3) and appended to the relevant Cabinet paper.

The CIPA disclosure sheet reports on the GHG emissions impacts of the policy proposal for each of the time periods outlined in section 2.2.4 for the main emitting sectors. If GHG emission impacts are not expected in a certain period, outline why.

The CIPA disclosure sheet also reports an annual average figure. This allows for the fact that, for some policy proposals, there will be an adjustment period before the GHG emissions impacts are realised.

The CIPA disclosure sheet also allows the inclusion of additional information, for example:

- sensitivity analysis
- carbon leakage
- any important limitations or uncertainties underlying the analysis.

2.3.1 CIPA disclosure cannot be completed at time of proposal going to Cabinet

For those submissions that have missing or inadequate CIPA disclosures, the Ministry for the Environment may advise the Minister for Climate Change and the Chair of the relevant Cabinet Committee. If the submission proceeds to Cabinet discussion, the submission should acknowledge the deficiency and include a commitment on when a robust CIPA will be provided to Cabinet.

Where applicable, it may be appropriate to seek this as part of a Supplementary Analysis Report, provided in accordance with Cabinet's Impact Analysis requirement. If the submission does not address these issues, the responsible Minister and the Minister for Climate Change will jointly determine when and to whom the completed CIPA will be provided, on advice from officials.

2.3.2 Quality assurance

If the CIPA requirement applies, the Ministry for the Environment will include a statement on the quality of the analysis of GHG emissions impacts, to be included in the Cabinet paper.

When quality assuring the CIPA disclosure, the Ministry for the Environment will assess:

- whether relevant sources of GHG emissions (activity data) have been reliably identified
- how robust the estimates for the activity data are, and the basis for these estimates
- any key assumptions or projections that have been flagged to the Ministry through the assessment process.

Agencies should complete the assessment to the best level possible. The Ministry for the Environment will follow up if additional information is required.

3. Climate implications of policy assessment and other Government processes

3.1 Climate implications of policy assessment and Treasury's regulatory impact assessment regime

For regulatory proposals, Climate Implications of Policy Assessment (CIPA) represents an additional, complementary requirement to RIA requirements administered by Treasury's Regulatory Quality Team.

For regulatory proposals, the CIPA early engagement questions are included in the regulatory impact assessment (RIA) process confirmation form. The completed form should be sent to both the Treasury and the Ministry for the Environment CIPA team at cipa@mfe.govt.nz. This will help reduce the risk of different document versions being sent to agencies, and the Ministry for the Environment and the Treasury making inconsistent process decisions.

In terms of quality assurance, the Treasury will invite the Ministry for the Environment to join Treasury's quality assurance panel for the regulatory impact statement whenever the Ministry determines that a CIPA is required (and where Treasury is carrying out the quality assurance for the regulatory impact statement). This will give the benefits of sharing information and expertise, improving consistency in quality assurance, and mean agencies receive complete feedback from a single source.

The Ministry for the Environment will retain sole authority over CIPA quality assurance and the quality assurance statement.

In terms of outputs, the CIPA disclosure will be integrated into the regulatory impact statement that accompanies the Cabinet paper. This is in addition to the separate CIPA disclosure sheet.

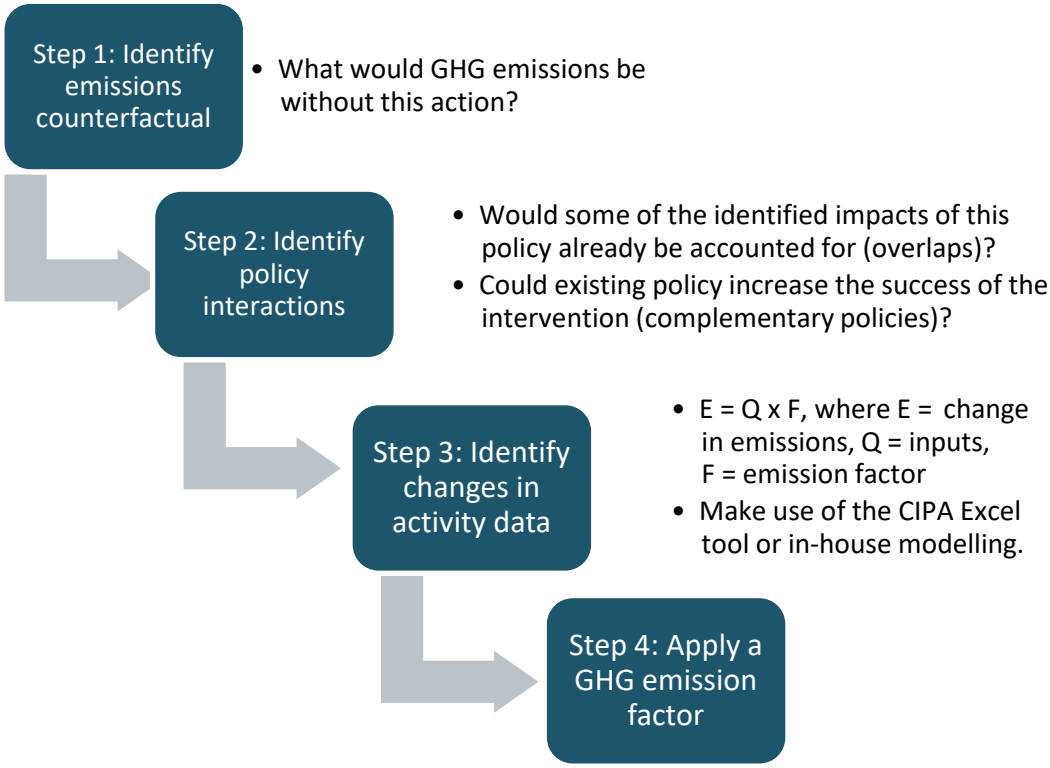
4. Carrying out greenhouse gas emissions analysis

4.1 Carrying out greenhouse gas emissions analysis

4.1.1 Logic model for carrying out emissions analysis

There are four steps in the climate implications of policy assessment (CIPA) process for carrying out greenhouse gas emissions (GHG) analysis.

Figure 2: Logic model for carrying out emission analysis



4.1.2 Step 1: Identify the GHG emissions counterfactual

The first step in carrying out GHG emissions analysis is to identify the appropriate GHG emissions baseline. This requires considering what would happen if the policy or project was not carried out. This default course of action is known as the "do nothing new" option. It provides the base case, or counterfactual.

In defining a GHG emissions baseline, consider:

- What will, or is likely to, happen without the proposed policy?
- What would the GHG emissions be without the proposed action?

The GHG emission impacts of each option should be considered relative to their counterfactual. It is important to carefully consider the most appropriate counterfactual,

as it could significantly change the projected impact of a proposal. If the counterfactual is uncertain, this should be highlighted, and impacts of varying the counterfactual should be explained.

Some Government agencies will have pre-agreed GHG emissions baselines. If appropriate, in the first instance seek advice from the relevant GHG emission reporting teams, to gain advice on the appropriate GHG emissions baseline to use.

4.1.3 Step 2: Identify policy overlaps

It is important to consider whether other policies may have overlapping impacts when assessing the GHG emission impacts of policy proposals. For example, a policy proposal that increases the uptake of insulation in homes may have overlapping GHG emission impacts with a policy proposal that encourages fuel switching to low-emission alternatives for home heating.

In identifying policy overlaps, consider:

1. Would some of the identified impacts of this policy already be accounted for (overlaps)?
2. Could an existing policy increase the success of the intervention (complementary policies)?

4.1.4 Step 3: Identify changes in activity data

To carry out GHG emissions analysis, identify the activity data that will have an impact on emissions. For example:

- For policies that encourage an uptake of electric vehicles, the activity data could include:
  - a reduction in internal combustion engines
  - an increase in electric vehicles, and thus electricity demand.
- For policies that encourage the adoption of energy efficiency measures (for example, more energy efficient appliances), the activity data could include a reduction in electricity demand.
- For policies that deter the movement of waste to landfill, potential activity data will likely be a decrease in the amount of waste to landfill.
- For policies that encourage fuel switching from fossil fuels to electricity – for example for industrial process heat – activity data could include:
  - a reduction in fossil fuel use
  - an increase in electricity demanded.

4.1.5 Step 4: Apply a GHG emission factor

Once the activity data has been identified, an appropriate GHG emission factor is applied to estimate the change in GHG emissions. The Ministry for the Environment recommends using the GHG emission factors from *Measuring Emissions: A Guide for Organisations*[4].

[4] Ministry for the Environment, 2024a.

The exception to this is the GHG emission factors associated with afforestation and deforestation, for which bespoke emission factors have been developed.

If there is no appropriate GHG emission factor, contact the Ministry for the Environment's CIPA team at cipa@mfe.govt.nz for support.

4.2 Direct and indirect impacts

4.2.1 Direct impacts

The CIPA requirement only applies to the direct impacts on GHG emissions of policy proposals. There is no clear consensus on the definition of direct and indirect GHG emission impacts internationally. For the purposes of the CIPA requirement, the Ministry for the Environment has defined direct impacts as those impacts that flow reasonably automatically from the implementation of the proposed policy or decision.

Direct GHG emission impacts can be further categorised as:

1. Embodied GHG emission impacts. These are the GHG emissions associated with the consumption of materials in the production process. For example, in the construction of infrastructure, embodied emissions are from manufacturing and use of materials, such as steel and cement.
2. Operational GHG emissions. These are the GHG emissions associated with the ongoing operation of a policy or investment proposal. For example, for the creation of new infrastructure, operational emissions span the design life of the building and include appliances such as heating and cooling (ie, air conditioners, hot water systems, refrigeration and lighting).
3. GHG emissions associated with the rebound effect. Proposals that improve energy efficiency (such as heating or lighting policies or projects) have the effect of reducing the overall amount of energy used. An immediate result will be a reduction in energy bills. This frees up funds that can be spent on energy or other goods and services.

For the purposes of the CIPA requirement, the Ministry for the Environment has defined rebound effects only in relation to changes in energy demand (both electricity and transport fuels). They will therefore be most relevant to proposals that are put forward by the Ministry for Business, Innovation and Employment, Ministry of Transport, the Energy Efficiency and Conservation Authority, and the New Zealand Transport Agency.

4.2.2 Indirect impacts

The CIPA disclosure may include an assessment of the indirect GHG emission impacts of a policy proposal. These GHG emission impacts are less attributable to the policy proposal but may occur over a longer timeframe as a result of the policy.

Indirect impacts often include:

- long-term behavioural changes
- technological changes.

Given the high amounts of uncertainty in estimating the indirect GHG emission impacts of policy proposals, it is not included as a requirement at this stage of the CIPA disclosure.

However, if you feel that consideration of relevant indirect impacts may be beneficial for your analysis, contact the Ministry for the Environment's CIPA team at cipa@mfe.govt.nz.

4.3 Sensitivity analysis

There will be a level of uncertainty in the expected changes in activity data, particularly in relation to future impacts of policy proposals. There may also be uncertainty around the appropriate base case or counterfactual. It is optional, but encouraged, to carry out a sensitivity analysis around the CIPA results and present this appropriately. For example, for policy proposals with a high level of uncertainty, it may be appropriate to present the results in terms of low, central and high scenarios.

4.4 Examples

4.4.1 Research and development

Policy proposals that encourage the development of lower-emitting technologies will have an impact on GHG emissions. For example, the decision to create a new research and development (R&D) fund may lead to increased innovation that help to develop new, lower-emitting technologies. However, it would be very challenging to attribute the development of these technologies to the decision to create a new R&D fund. The new technologies may be developed many years after the creation of the fund and may have resulted from the cumulative impact of several technological advances, innovations and knowledge spillovers.

It is likely that the bulk of the GHG emission impacts would be classified as indirect and are not currently in scope of the CIPA requirement. However, if you would like to consider these in your GHG emission analysis it is optional to do so. Please contact the Ministry for the Environment's CIPA team for support at cipa@mfe.govt.nz.

4.4.2 Low-to-high density urban development

The impact of moving from low- to high-density urban development on GHG emissions will depend on the exact nature of the change. As a minimum, consider the GHG emissions associated with:

a. the construction of new infrastructure

b. land conversion

c. increases and decreases in transport times (for example due to grouping of services into one area)

d. changes in mode of transport (for example through increased cycleways or improved public transport)

e. end-of-life disposal of materials.

For example, a decision to increase urban density could result in decreased GHG emissions as people travel smaller distances to work/businesses/schools. This is a direct impact on emissions.

However, this could also lead to a decrease in fuel bills as distances travelled are shorter. This frees up funds that some households may choose to use by travelling more frequently

by car, when previously they would have taken other modes of transport. This is known as a rebound impact.

4.4.3 Transport mode shift

A transport shift from fuel-powered vehicles to public transport and other types of low-emissions transport would be associated with:

1. a decrease in emissions associated with a decrease in the use of fossil fuels
2. an increase in emissions associated with increased electricity demand, as uptake of electric vehicles increases.

4.4.4 Fuel switching for the purposes of industrial process heat

For policies that encourage fuel switching for the purpose of industrial process heat, for example from coal and gas to electricity or biomass, there may be changes in GHG emissions associated with:

1. a reduction in fossil fuel use
2. an increase in electricity demanded; or an increase in the amount of biomass being used.

Appendix 1: Answers to common questions

Questions and support

If there are further questions, guidance or process, the climate implications of policy assessment (CIPA) team at the Ministry for the Environment is available to help in your assessment if necessary.

Please contact the CIPA team at cipa@mfe.govt.nz for advice.

What if the information is uncertain, or there isn't enough?

Agencies need to quantify impacts on activity data. This is done through thorough policy impact analysis, which will help inform the CIPA disclosure sheet.

This requires research, so that options are informed by evidence. Agencies will need to make judgements based on the best available evidence and what is reasonable and fit-for-purpose analysis for the proposal.

For example, agencies will make judgements about the policy intervention options (such as what options are feasible), the counterfactual and impact assumptions. Developing policy options are inherently uncertain, as it requires advising on changes that may occur in the future.

What if there are impacts across different sectors?

The reporting template allows agencies to report on GHG emissions impacts in more than one sector. Agencies should ensure that all changes in GHG emissions take into account the interactions that policies and projects in one sector can have on other sectors. For instance, planning decisions may impact on transport emissions, as well as GHG emissions in buildings through GHG-embodied emissions in construction, and GHG emissions arising from energy use in buildings.

The impacts of policies or projects might also overlap or reinforce each other, impacting their combined effectiveness. The analysis should account for any interaction. For example, the savings from a new, efficient boiler will be lower in a house that already has cavity wall insulation.

Do I need to report on carbon leakage?

Carbon leakage occurs where, if for reasons related to the cost of climate policies, businesses transfer production to other countries with laxer emissions constraints. This could lead to an increase in their total emissions. The risk of carbon leakage may be higher in certain energy-intensive industries.

Agencies can choose to report on the likelihood or risk of carbon leakage in the CIPA disclosure sheet.

Appendix 2: Climate implications of policy assessment: Early engagement form

Background

The climate implications of policy assessment (CIPA) is a requirement on central government agencies to carry out and report on the greenhouse gas (GHG) emission impacts of policy proposals that go to Cabinet. The requirement applies for policy proposals where:

- a reduction in greenhouse gas emissions is an explicit objective of the proposal

and/or:

- the impact on greenhouse gas emissions is likely to be equal or above 0.5 million tonnes CO_2-e within the first ten years of the proposal period (representing an annual average of 50,000 tonnes)
- for forestry-related proposals, the impact on greenhouse gas emissions is likely to be equal or above 3 million tonnes of CO_2-e within the first 30 years of the proposal period (representing an annual average of 100,000 tonnes).

More information on CIPA can be found at https://environment.govt.nz/guides/climate-implications-of-policy-assessment-guidance-on-cabinet-requirement-for-central-government-agencies/.

Compliance with this requirement is supported by the CIPA team at the Ministry for the Environment.

Purpose of this form

The purpose of this early engagement form is to support policy officials considering whether a climate implications of policy assessment needs to be completed.

Instructions for completing the form

Please answer the questions below.

If you answer yes to any of the questions, please email a completed copy of this form to cipa@mfe.govt.nz with a brief explanation of what the policy is. The Ministry for the Environment will respond with further information as to whether the policy is subject to further analysis through the CIPA requirement.

If you are unsure how to fill in the form, please contact the Ministry for the Environment at cipa@mfe.govt.nz.

Regulatory proposals

For regulatory proposals, CIPA represents an additional, complementary requirement to RIA requirements. For regulatory proposals, the CIPA early engagement questions are included as part of the regulatory impact assessment (RIA) process confirmation form.

You do not need to send a separate early engagement form to the CIPA team at the Ministry for the Environment.

The Ministry for Regulation has now been established, and on 1 May 2024, the Treasury Regulatory Strategy Team transferred to this new Ministry. The regulatory impact assessment (RIA) system will continue to operate as normal, including the RIA online process, but with a new contact email address now in place – ria.team@regulation.govt.nz. The team has noted there will be some work with the transfer and staffing changes, so may be slower than normal to respond to queries.

Name/title of policy proposal or policy option	
Agency responsible for the Cabinet paper	

Key questions

	Yes/no/unsure	Comment if needed
Is a reduction in greenhouse gas emissions an explicit objective of the proposal?		

Could any of the policy options considered have a significant impact on greenhouse gas emissions (increases or decreases) in the following sectors?:	**Yes/no/unsure**	**Comment if needed**
Electricity, for example, policies that have an impact on: • renewable sources to replace fossil fuels in electricity generation • a change in the amount of electricity demanded, for example the building of a factory • the electrification of process heat[5] • geothermal carbon capture and storage • energy efficiency of buildings.		
Transport, for example, policies that have an impact on: • total vehicle kilometres travelled by internal combustion engine vehicles (including public transport) • fuel switching from fossil fuels to lower emission alternatives, such as electricity (battery), hydrogen and biofuels • transport mode change (passenger and freight) • electric vehicle uptake.		
Waste, for example: • policies that will result in an increase or decrease in waste going to landfill.		

[5] Process heat is energy that is primarily used for warming spaces and industrial processes, often in the form of steam, hot water or hot gases.

Could any of the policy options considered have a significant impact on greenhouse gas emissions (increases or decreases) in the following sectors?:	Yes/no/unsure	Comment if needed
Agriculture, for example, policies that have an impact on: • amounts and types of livestock on farms • use of nitrogen fertiliser.		
Land use, for example, policies that have an impact on: • amount of land converted to or from forest land • regenerating native forest • changes in forest type or species.		
Industrial processes and product use, for example, policies that have an impact on • use of greenhouse-gas-emitting process heat fuels and fuel-switching to biomass • energy efficiency in process heat • the use of construction materials.		

Note: the listed examples are not an exhaustive list of all sources or activities associated with greenhouse gas emissions and are provided as indicative examples.

Appendix 3: Climate implications of policy assessment: Disclosure sheet

This disclosure sheet provides the responsible department's best estimate of the greenhouse gas emissions impacts for Aotearoa New Zealand that would arise from the implementation of the policy proposal or option described below. It has been prepared to help inform Cabinet decisions about this policy. It is broken down by periods that align with Aotearoa New Zealand's emissions budgets.

Section 1: General information

General information	
Name/title of policy proposal or policy option:	
Agency responsible for the Cabinet paper:	
Date finalised:	*Assessments may need to be updated as the policy process progresses and/or there is better or new information. If there are multiple assessments under the same initiative title, they will be differentiated by date.*
Short description of the policy proposal:	*2–3 sentences max. If the proposal/option is covered in a regulatory impact statement (RIS), please also state "More information can be found in the following RIS [give the RIS title and date]"*

Section 2: Greenhouse gas emission impacts

Sector & source	Changes in greenhouse gas emissions in tonnes of carbon dioxide equivalent (CO_2-e)						
	2020–25	2026–30	2031–35	2036–40	2041–45	2046–50	Cumulative impact
Electricity							
Transport							
Industry							
Waste							
Agriculture							

Sector & source	Changes in greenhouse gas emissions in tonnes of carbon dioxide equivalent (CO_2-e)						
	2020–25	2026–30	2031–35	2036–40	2041–45	2046–50	Cumulative impact
Land use, land-use change and forestry							
Total							

Section 3: Additional information

Additional information

Include in this section additional information that may be relevant. For example, this could include more information on:

- The main driver(s) of emission volumes for each of the key sources of impact eg, the projections are based on 230,000 affected households, average electricity savings of 3000 kWh per household per annum from 2025, partially offset by some increased electricity demand in 30 per cent of households
- Have you modelled multiple scenarios or options?
- Have you had the modelling peer-reviewed by anyone else?
- How did you develop the model or approach? Is it following best practice, is it bespoke, or something commonly used (ie, tried and tested)?
- Assumptions: what are the key input assumptions? What assumptions have the most uncertainty?
- Sensitivity analysis: what variables/inputs/assumptions have a large bearing on results?
- Any important limitations or uncertainties underlying the analysis eg, *the projections do not allow for any emissions arising from the xyz manufacturing process, due to a lack of information. The number of affected households could vary between 180,000 and 250,000, depending on implementation decisions yet to be taken*
- Carbon leakage

Note: additional sections, tables and/or graphics may be added to this template disclosure sheet if appropriate (discuss this with the CIPA team)

Section 4: Quality assurance

Quality assurance

Include in this section the quality assurance statement from the Ministry for the Environment's climate implications of policy assessment (CIPA) team.

Further resources

Ministry for the Environment. (n.d). *New Zealand's Interactive Emissions Tracker*. Retrieved from https://emissionstracker.environment.govt.nz/

Ministry for the Environment. 2022a. *New Zealand's Fifth Biennial Report Under the United Nations Framework Convention on Climate Change*. Wellington: Ministry for the Environment. https://environment.govt.nz/publications/new-zealands-fifth-biennial-report/

Ministry for the Environment. 2022b. *New Zealand's Eighth National Communication under the United Nations Framework Convention on Climate Change and the Kyoto Protocol*. Wellington: Ministry for the Environment. https://environment.govt.nz/publications/new-zealands-eighth-national-communication/

Ministry for the Environment. 2024a. *Measuring Emissions: A Guide for Organisations. 2024 Detailed Guide*. Wellington: Ministry for the Environment. https://environment.govt.nz/publications/measuring-emissions-a-guide-for-organisations-2024-detailed-guide/

Ministry for the Environment. 2024b. *New Zealand's Greenhouse Gas Inventory 1990–2022*. Wellington: Ministry for the Environment. https://environment.govt.nz/publications/new-zealands-greenhouse-gas-inventory-1990-2022/

The Treasury. 2019a. *Government Expectations for Good Regulatory Practice*. Retrieved from www.treasury.govt.nz/publications/guide/government-expectations-good-regulatory-practice

The Treasury. 2019b. *Regulatory Impact Assessment Quick Guide*. Retrieved from www.treasury.govt.nz/publications/guide/ria-quick-guide

The Treasury. 2017. *Guide to Cabinet's Impact Analysis Requirements.* Retrieved from www.treasury.govt.nz/publications/guide/guide-cabinets-impact-analysis-requirements-html

The Treasury. 2016. *Guide to Social Cost Benefit Analysis.* Retrieved from https://treasury.govt.nz/publications/guide/guide-social-cost-benefit-analysis