



11 March 2023

OIAD-949

9(2)a

Tēnā koe 9(2)a

Thank you for your email dated 12 February 2024 to the Ministry for the Environment (the Ministry), confirming your wish for the Ministry to reconsider 9(2)a 18 April 2023 request for the following under the Official Information Act 1982 (the Act):

A copy of any briefings or documentation you hold prepared since 2019 discussing the potential for using DOC-managed land to supply either

- *carbon offsets for the public service, or*
- *units towards NZ's NDC.*

On 12 February 2024, you clarified that you would be willing to receive substantive documents, including any notes from meetings held, that the period your request covers is 1 January 2019 to 12 February 2024, and that “*carbon offsets for the public service*” is in relation to carbon offsets for the Carbon Neutral Government Programme (CNGP).

We have interpreted ‘substantive documents’ as being for finalised documents (rather than draft documents or notes) that may have been presented to the Ministry by other agencies, to Ministers and/or Cabinet, along with any meeting agendas and minutes about these topics that the Ministry holds or attended.

The Ministry has identified 11 documents in scope of your request, as outlined in the below **Document Table**. Since the information in scope of your request within these documents is only a section of the document as a whole, the Ministry has decided to make the information requested available by giving an excerpt of the contents under section 16(1) of the Act.

We have also identified an additional document that was provided to the Ministry by the Department of Conservation, which may be of interest to you. We do not consider this document is in scope of your request, as it was initial estimate numbers that the Ministry then used to inform the drafting of a Cabinet paper; however, we have attached this document as Document 12 for your reference.

Please note the numbers in Document 12 are initial estimates based on information available at the time and are incorrect. Updated figures will be published publicly this year.

The excerpts I am releasing are available within the attached **Information Table**, along with the full title and date of the document for reference. Please note that the contact person listed in Document 11 is incorrect.

Some of the excerpts relate to information that is still being considered by Ministers and Cabinet, and therefore have been withheld in full under section 9(2)(f)(iv) of the Act, to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials.

In terms of section 9(1) of the Act, I am satisfied that, in the circumstances, the withholding of this information is not outweighed by other considerations that render it desirable to make the information available in the public interest.

You have the right to seek an investigation and review by the Office of the Ombudsman of my decision to withhold information relating to this request, in accordance with section 28(3) of the Act. The relevant details can be found on their website at:

www.ombudsman.parliament.nz.

Please note that due to the public interest in our work the Ministry for the Environment publishes responses to requests for official information on our [OIA responses page](#) shortly after the response has been sent. If you have any queries about this, please feel free to contact our Ministerial Services team: ministerials@mfe.govt.nz.

Nāku noa, nā

Electronically approved by Stephen Goodman

Stephen Goodman

Acting General Manager – Climate Change Mitigation
Ministry for the Environment | Manatū Mō Te Taiao

Document Table

Doc no.	Doc date	Document title	Decision on release
Formal briefings			
1.	28 Sept 2021	BRF-712 Carbon Neutral Government Programme: Revised Cabinet paper outline for carbon offsetting report back	Excerpts released in full
2.	18 Oct 2021	BRF-807 Carbon Neutral Government Programme: Agency feedback and revised Cabinet paper – Report back on carbon offsetting	Excerpts released in full
3.	7 Nov 2021	BRF-657 Carbon Neutral Government Programme Cabinet report back on carbon offsetting	Excerpts released in full
4.	15 Nov 2021	BRF-928 Carbon Neutral Government Programme Ministerial feedback and revised Cabinet paper - Report back on carbon offsetting	Excerpt released in full
5.	9 Dec 2021	CAB Carbon Neutral Government Programme: Report back on Carbon Offsetting	Excerpts released in full
6.	21 Mar 2023	BRF-2682 CNGP Ministerial Group meeting	Excerpts withheld in full under section 9(2)(f)(iv)
7.	23 Mar 2023	BRF-2590 The Carbon Neutral Government Programme – options for funding emissions payments	Excerpt withheld in full under section 9(2)(f)(iv)
8.	2 May 2023	BRF-3123 Carbon Neutral Government Programme: Offsetting Cabinet Paper Outline	Excerpts withheld in full under section 9(2)(f)(iv)
9.	25 May 2023	BRF-3282 Draft CNGP Offsetting Cabinet Paper	Excerpt withheld in full under section 9(2)(f)(iv)
10.	7 Aug 2023	CAB-272 Carbon Neutral Government Programme: Offsetting Report Back	Three excerpts released in full. Five excerpts withheld in full under section 9(2)(f)(iv)
Additional substantive documents			
11.	24 May 2022	CNGP offsetting opportunities	Excerpt released in full
12.	29 July 2023	CNGP paragraphs - some back of envelope costs	Attached as Document 12 – some information withheld under section 9(2)(f)(iv)

Information table: Excerpts of information in scope

Document 1 Excerpts

Appendix 1: Briefing 668 feedback, comments and revisions

Topic/ Page	Minister Shaw and Nash Comments	Comment	Revision to Cabinet paper outline
Briefing			
Insetting/ 3	<p>Minister Shaw feedback</p> <ul style="list-style-type: none"> • Consider taking a whole-of-government portfolio approach/insetting for CNGP offsetting • Potential for lower cost offsets by using the Crown estate • Potential to leverage the scale of government to drive development of further science and research to enable improvement and expansion of NDC accounting coverage such as wetlands and blue carbon • Suggested a tiered approach to offsetting sources (e.g. platinum, gold, silver), such that funding could be directed to those activities that can enable expansion of land use coverage for future inventory accounting (i.e. wetlands, blue carbon) 	<p>We have adjusted the paper outline to reflect the need to investigate a portfolio of offsetting options. Investigating a whole-of-government portfolio approach is proposed to be part of the offsetting work programme.</p> <p>As discussed with you, “Insetting” is a specific term referring to the direct investment of a company within its own value chain (up- and down-stream) in order to reduce its carbon footprint. ICROA defines the term as “a carbon reduction project, verified by an offset standard, which occurs within a company’s supply chain or supply chain communities. Throughout the paper we have used the term “whole-of-government portfolio approach” for the concept being described.</p> <p>The use of the Voluntary Carbon Market Contribution Claim framework (VCM) (BRF-405 refers) and the development of a domestic emissions portfolio will seek to enable the use of Crown land to offset CNGP emissions.</p>	<p>Strengthened wording on the development of an emissions offsetting portfolio and its relationship to the VCM.</p> <p>The outline is more explicit about the use of Crown land, and the potential to use ‘seed’ funding for projects currently not within the inventory but that could be included with further research and investment. (Note that such work could create future sequestration opportunities but will not be included in NDC accounting until the gains and losses from the land-use class can be accurately quantified at a national scale, enabling expansion of our NDC coverage.)</p> <p>Paragraphs: 10, 20-21, 26</p>

Pathway / 7	<p>Minister Nash Not against an all of government offsetting portfolio approach if managed by a competent agency, such as Te Uru Rākau, the New Zealand Forest Service</p>	<p>The use of the VCM will provide a mechanism needed for the private sector, that can also be used by the CNGP. Crown offsets could use Crown land and would reduce risks associated with an all of government approach – ie cost effectiveness, limiting choice and innovation.</p> <p>Work to consider offsetting will include consideration of governance and operational delivery, including Te Uru Rākau.</p>	
Cost and Scale/ 11	<p>Minister Shaw</p> <ul style="list-style-type: none"> - Need a range for estimated cost - Show how this could be reduced through Crown land. <p>Minister Nash</p> <ul style="list-style-type: none"> - Remove equivalent forestry size 	<p>\$100m is a rounded median cost to give an idea of scale, based on ETS unit price.</p> <p>A report by Ann Smith estimated emissions as 1.75 to 2.32 million tonnes of carbon dioxide equivalents (tCO₂e) but could be as high as 3.45 million tCO₂e</p> <p>The equivalent forestry size had been included to give an idea of the scale required for those who do not have background in land use.</p>	<p>Updated the paper to include a cost range and includes caveats of that range (i.e. price is based on open market rates). Additional points included to note ways this cost could be reduced, including the use of Crown land and ‘creating’ projects to generate economies of scale.</p> <p>Notes:</p> <ul style="list-style-type: none"> - that planting in some cases may be more expensive than the ETS price (if solely natives are pursued) - that given the 2025 timeframe, it is likely that some offsets will need to be purchased offshore – at least initially <p>Paragraphs 8,10</p> <p>Removed land size comparison</p> <p>Paragraph 7</p>

Appendix 2: Revised proposed outline for the Cabinet report back on Carbon Neutral Government Programme (CNGP) carbon offsetting

10. To meet demand, and reduce cost and reliance on offshore offsets, we plan to explore the potential to develop a portfolio of offsetting sources within New Zealand that uses Crown land and generates economies of scale, and supports development of new offsetting sources not currently in New Zealand's inventory (e.g wetlands). Detail discussed within the 'Establishing a pathway for CNGP offsetting' below.

21. We will investigate the opportunity to use Crown land for the CNGP within the domestic VCM, noting that Cabinet had previously decided to prohibit Ministers from participating in the ETS.

26. We will also seek additional funding for scoping the offsetting portfolio for the CNGP:

- how to generate sufficient supply through the use of Crown land and other mechanisms that sequester carbon (including the use of seed funding to develop future offset sources – i.e. wetlands, blue carbon).
- whether to take a government-wide portfolio, hybrid, or individual agency approach for purchasing offsets
- scoping the governance and delivery of a government-wide or alternative approach

Document 2 Excerpts

The interaction between the CNGP and the NZ ETS

5. Some agencies, including the Department of the Prime Minister and Cabinet, have asked about the ability of the Crown to generate New Zealand Emission Units (NZUs) through the NZ ETS by re-forestation on Crown land that could then be purchased (potentially cheaply) by organisations in the CNGP. We are aware this is a matter you also wish to pursue.
6. There are three issues with Crown-generated NZUs being used within the CNGP, namely:
 - a. the use of Crown land to generate NZUs:
 - The sale of NZUs and voluntary emission offsets cannot be a source of funding for agencies (including recycling NZ ETS or CNGP revenue towards project costs) due to Section 4 of the Public Finance Act 1989. Amendment to legislation would be required (BRF-657 refers) to allow for revenue recycling.
 - It may be more sensible to fund such afforestation through appropriation, rather than incur the administrative costs (and amendment needs for hypothecation) of the NZ ETS. Particularly when the reforestation is unlikely to generate significant quantities of NZUs given the slow growth rate of native forest regeneration.
 - The potential conflict of interest for the Crown in both generating and selling NZUs, whilst also administering the NZ ETS system. There is a similar conflict in the development of the Government managed VCM framework.
 - Determining how much suitable land is available that could be used to generate NZUs or emission offsets is not easily identifiable (for example, Crown land could be unsuitable for planting, committed to other users, inaccessible, or already counted towards New Zealand's inventory).
 - b. The action driven by CNGP needs to be additional, meaning CNGP support must be the defining reason for re-forestation Crown land. If the re-forestation was likely under other government activities, then the additionality test will not be met.
 - c. There may be questionable environmental integrity of allowing NZUs to be used for voluntary offsetting, as cancelling NZUs can allow emissions to grow elsewhere under an emissions budget. To avoid that effect, the Government could add cancelled units back into the NZ ETS, meaning there would be no environmental impact from cancelling NZUs. The Climate Change Commission recommended adjustments are made to accounting for targets, emission budgets and the NDC if NZUs are cancelled for voluntary offsets ¹.

¹ Page 204 of *Ināia tonu nei: a low emissions future for Aotearoa* <https://tinyurl.com/2d9fx35k>

Appendix 2: Agency feedback on the draft Cabinet Paper titled *Carbon Neutral Government Programme: Report back on carbon offsetting*

Paragraph	Agency feedback	Response
Analysis		
Portfolio development		
39.1	Some agencies suggested greater emphasis is given to work needed to overcome existing legal, procurement and asset management constraints to use Crown land.	We have included a footnote that expands on the work. <i>Using Crown land will require comprehensive investigation that would involve significant work to overcome existing legal, procurement and asset management constraints</i>

Document 3 Excerpts

Use of the ETS

- Hon Shaw asked for advice on the current New Zealand Emissions Trading Scheme (ETS) restrictions on the Crown's ability to earn carbon credits on Crown-owned land, specifically the Department of Conservation (DOC) estate. We confirm that this restriction is not prescribed in the Climate Change Response Act 2002, but comes from a 2010 Cabinet decision providing guidelines for the participation of Ministers administering Crown forest land [EGI (10) 146 refers].

Appendix 1: Feedback and proposed changes to the draft Cabinet Paper *Carbon Neutral Government Programme: Report back on carbon offsetting*

Paragraph	Office	Feedback	Response
Executive Summary			
33	Minister O'Connor's Office	<p>Concerns regarding the feasibility of supplying offsets. The quantities will be challenging, and the timescale proposed is not possible. There are significant challenges associated with land availability, rates of afforestation, and rates of sequestration. In addition, based on previous work by MPI, MPI have specific concerns about any references to opportunities for afforestation on Crown land without considering any Treaty implications.</p> <p>The CNGP target implies greater rates of afforestation, where there are already concerns from rural communities associated with the current high rates of afforestation.</p>	<p>The supply of offsets and the timeframes of the CNGP are ambitious. As previously advised, there are significant risks associated with developing the domestic supply of offsets, having the market mechanism in place, the suitability of organisations offsetting emissions who have not time to reduce their emissions, and opportunity cost associated with paying for offsets versus using this money to support their key functions.</p> <p>The Cabinet paper does not seek any decisions on the types of offsets that CNGP participants might use beyond that CNGP offsets should be sourced domestically to the extent possible and should help New Zealand meet its NDC. The paper also notes that further work is needed on the issues raised by Minister O'Connor, and that this will inform the proposed CNGP report backs to Cabinet. We will work closely with MPI as work on CNGP offsetting continues to progress.</p>

48 To meet demand, mobilise supply and reduce cost and reliance on offshore offsets, we plan to investigate the potential to develop a portfolio of offsetting sources within New Zealand. This portfolio will use Crown land, generate economies of scale and support development of new offsetting sources that are not currently included in New Zealand's NDC accounting framework (such as wetlands and blue carbon⁴ or marine activities that can sequester carbon).

49 This work will include scoping:

49.1 how to generate sufficient supply by generating credits on Crown land⁵ (starting with native forest) and other mechanisms that reduce or remove carbon (e.g. renewable energy). This would also include the use of seed funding to develop future offset sources such as wetlands and blue carbon, to support Te Mana o te Taiao, the Aotearoa New Zealand Biodiversity Strategy.

49.2 whether to take a government-wide portfolio, hybrid, or individual agency approach for purchasing offsets.

49.3 the governance and delivery of a government-wide or alternative approach.

49.4 explore if Crown land could be used to generate emissions units through the NZ ETS. The purpose of such an initiative would be to help recover some of the costs of afforestation through the sale of NZ ETS units, therefore lowering the cost of offsetting under CNGP (being the difference between the cost of planting and revenue from sale of ETS units).

⁴ Blue carbon is the carbon stored in coastal and marine ecosystems. Coastal ecosystems such as mangroves, tidal marshes and seagrass meadows sequester and store carbon. Understanding the potential role of blue carbon in mitigating climate change is a new area of research.

⁵ Using Crown land will require comprehensive investigation that would involve significant work to overcome existing legal, procurement and asset management constraints

53 The proposed domestic voluntary carbon market, designed primarily for the private sector, provides numerous benefits to the CNGP and aligns with the principles for the CNGP's offsetting, by enabling contributions to New Zealand's NDC. It would also provide:

53.1 potential to enable offsetting activities on Crown land and support development of new (potential future offsetting) sources that are not currently in New Zealand's NDC accounting framework (e.g. wetlands and blue carbon);

Financial implications

65 Emissions reductions and alternative offsetting delivery mechanisms (such as potentially using Crown land and expanding the scope of land use types we include within our accounting framework) could reduce this cost. This will be the subject of further scoping work on the offsetting portfolio.

Te Tiriti o Waitangi Implications

72 Māori/iwi also have rights as a Treaty partner on decisions relating to Crown-land and would need to be engaged appropriately on any proposals on this.

Document 4 Excerpt

Appendix 1: Feedback and proposed changes to the draft Cabinet Paper *Carbon Neutral Government Programme: Report back on carbon offsetting*

Paragraph	Office	Feedback	Response
Executive Summary			
33	Minister O'Connor's Office	<p>Concerns regarding the feasibility of supplying offsets. The quantities will be challenging, and the timescale proposed is not possible. There are significant challenges associated with land availability, rates of afforestation, and rates of sequestration. In addition, based on previous work by MPI, MPI have specific concerns about any references to opportunities for afforestation on Crown land without considering any Treaty implications.</p> <p>The CNGP target implies greater rates of afforestation, where there are already concerns from rural communities associated with the current high rates of afforestation.</p>	<p>The supply of offsets and the timeframes of the CNGP are ambitious. As previously advised, there are significant risks associated with developing the domestic supply of offsets, having the market mechanism in place, the suitability of organisations offsetting emissions who have not time to reduce their emissions, and opportunity cost associated with paying for offsets versus using this money to support their key functions.</p> <p>The Cabinet paper does not seek any decisions on the types of offsets that CNGP participants might use beyond that CNGP offsets should be sourced domestically to the extent possible and should help New Zealand meet its NDC. The paper also notes that further work is needed on the issues raised by Minister O'Connor, and that this will inform the proposed CNGP report backs to Cabinet. We will work closely with MPI as work on CNGP offsetting continues to progress.</p>

Document 5 Excerpts

48 To meet demand, mobilise supply and reduce cost and reliance on offshore offsets, we plan to investigate the potential to develop a portfolio of offsetting sources within New Zealand. This portfolio will use Crown land, generate economies of scale and support development of new offsetting sources that are not currently included in New Zealand's NDC accounting framework (such as wetlands and blue carbon⁴ or marine activities that can sequester carbon).

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Financial implications

65 Emissions reductions and alternative offsetting delivery mechanisms (such as potentially using Crown land and expanding the scope of land use types we include within our accounting framework) could reduce this cost. This will be the subject of further scoping work on the offsetting portfolio.

Te Tiriti o Waitangi Implications

72 Māori/iwi also have rights as a Treaty partner on decisions relating to Crown-land and would need to be engaged appropriately on any proposals on this.

Document 10 Excerpts

14 Rewetting drained peatlands on Crown land may provide a significant supply of offsets by 2025 but work on that would need to start now.

65 Carbon sequestration projects could deliver biodiversity, climate resilience and economic co-benefits. Examples of potential projects with these benefits include indigenous afforestation and forest management, and rewetting and restoring wetlands on drained peatlands and other organic soils. Projects could utilise and sustain the Jobs for Nature programme, and help to support Te Mana o Te Taiao – The Aotearoa New Zealand Biodiversity Strategy.

67 CNGP officials will also work with the Department of Conservation to identify opportunities on Crown Land.

Document 11 Excerpt

Crown Land	<p>Planting trees on crown land</p> <p>A range of GIS research was done between 2017 and 2020. The most promising was Molesworth station with an estimated annual sequestration capacity of 1500-2000 tonnes CO₂ equivalents per annum (carbon stock change)</p> <p>'Opportunities' on conservation land are generally limited by legislation and statutory policy to forest restoration. Afforestation can be allowed in certain circumstances on Recreation and Local Purpose Reserve, which (apart from Molesworth) are mainly under council / board control. There is only a prototype central registry of council owned / controlled reserves and other land, or Crown-owned land controlled by other agencies than DOC & LINZ.</p> <p>Contact- Gavin Smith (DOC)</p>
	<p>Renewable energy projects</p> <p>If renewable energy projects are developed on crown land, renewable energy certificates could be issued</p>
