



Sensitive

# Cabinet

CAB Min (02) 13/9

## Minute of Decision

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Convenor, Ministerial Group on Climate Change

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Minister of Health	Minister for the Environment
Minister of Local Government	Minister of Transport
Minister of Conservation	Minister of Statistics
Minister of Agriculture	Chief Parliamentary Counsel
Minister for Trade Negotiations	Legislation Coordinator
Minister of State Services	Secretary, POL

### Climate Change I: Kyoto Protocol Preferred Policy Package: Overview

On 29 April 2002, following reference from the Cabinet Policy Committee (POL), Cabinet:

- 1 **noted** that the policy principles agreed by Cabinet on 11 February 2002 (see Annex 1 attached to CAB (02) 185) indicate the need for a transitional, staged approach which recognises the uncertainties in the emerging Kyoto Protocol (the Protocol) regime and international trading environment, and ensures that New Zealand stays in step with the development of the Protocol itself and with developments in its main trading partners;
- 2 **noted** that the objectives of the preferred policy package are to:
  - 2.1 set a pace of adjustment for the New Zealand economy that allows New Zealand's obligations to be met at least cost/greatest benefit, promotes business opportunities and minimises adverse impacts, and positions New Zealand for the future;
  - 2.2 progressively expose the economy to the international price of emissions, recognising that the Protocol is designed to reveal a cost of carbon;

- 2.3 set the basis for decisions on how and at what level a price of emissions will be introduced to the New Zealand economy, taking into account the need to protect firms and sectors deemed to be at-risk;
- 2.4 maximise the value of New Zealand's forest sinks in meeting Protocol obligations.
- 3 **noted** that existing policies lay the "foundations" for the policy package; including the Growth and Innovation Framework (GIF), the National Energy Efficiency and Conservation Strategy (NEECS), the New Zealand Waste Strategy, and the expected New Zealand Transport Strategy, and are supported by programmes for local government, business and economic development, research, public awareness and adaptation;
- 4 **noted** that the extent to which existing policies aimed at reducing greenhouse gas emissions can be effective will be dependant on the level of funding, particularly for the NEECS. ....  
.....
- 5 **noted** that the new policy measures for the 2008-12 commitment period will only be relevant if the Protocol enters into force, although if the Protocol does not enter into force, a prudent risk management strategy would be to continue with existing policy foundations;
- 6 **noted** that new policy measures for the pre-2008 and first commitment period of the Kyoto Protocol (2008-12) are discussed in a separate minute, *Climate Change Paper II: New Policies* [CAB Min (02) 13/10];
- 7 **noted** that the policy package gives rise to a range of possible issues with respect to the conduct of trade under World Trade Organisation (WTO) rules, and that policies will therefore need to have regard to these obligations;
- 8 **noted** that the important role of local government and the issue of the Resource Management Act with respect to climate change are discussed in the separate minute, *Climate Change III: the Role of Local Government* [CAB Min (02) 13/11];
- 9 **noted** that adaptation to the impacts of climate change is discussed in the separate minute, *Climate Change IV: Adaptation to Climate Change* [CAB Min (02) 13/12];
- 10 **noted** that consultation on the preferred policy package will be undertaken in May 2002 through to June 2002 with advice to Ministers on the final package in late July 2002 at which point a final decision on ratification of the Protocol will be taken;
- 11 **authorised** the Ministerial Group on Climate Change to approve the consultation document and plan for consultation on the preferred policy package, by round robin or otherwise;
- 12 **noted** that officials will continue to work on further refinement of the preferred policy package as feedback is received during and from the consultation process and international events;

### **Additional policies for Act I ratification legislation**

- 13 **agreed** that the Act I ratification legislation include an offence of knowingly or recklessly providing false or misleading information to the Registrar of the registry of emission units with corresponding monetary penalties;

### **Business opportunities**

- 14 **agreed** that the business opportunities work stream will report back on all of its components to POL once the New Zealand Business Council for Sustainable Development research project (in conjunction with the Ministry of Economic Development) is completed and assessed, prior to a final decision on ratification in July 2002;

### **Announcement**

- 15 **noted** that the decisions set out in this and related minutes would be announced by the Convenor of the Ministerial group on Climate Change, in association with the Minister for Economic Development, the Minister of Agriculture and the Minister of Commerce.

Secretary of the Cabinet

Reference: CAB (02) 185; POL Min (02) 9/1-6