

Chair

Cabinet

PUBLIC CONSULTATION ON THE ZERO CARBON BILL

Proposal

1. I seek approval to release a discussion document (Appendix 1) for public consultation on the proposed Zero Carbon Bill. This will be subject to any final technical changes being approved by a delegated group of Ministers between 28 May and 6 June. This group would comprise the Ministers for Climate Change, Finance, Environment, Forestry, Energy and Resources, and Agriculture, the Associate Minister for the Environment (Hon Eugenie Sage) and the Associate Minister for Transport (Hon Julie Anne Genter).
2. The discussion document will seek public feedback on a range of options for:
 - 2.1 a new greenhouse gas emissions reduction target for 2050;
 - 2.2 a system of emissions budgets to provide stepping stones to reach the 2050 target;
 - 2.3 an independent Climate Change Commission; and
 - 2.4 a range of adaptation measures.
3. This paper also describes the proposed transparent and participatory approach to public consultation.

Executive summary

4. Climate change is a global challenge, and New Zealand has its part to play. Being small does not justify inaction or complacency: our emissions still count. We have a unique opportunity to position ourselves for climate change leadership.
5. To rise to this challenge, Cabinet agreed to introduce the Zero Carbon Bill by the end of October 2018 in a transparent and participatory manner. I now need to seek the public's views on our proposals for the content of the Zero Carbon Bill.
6. I propose to release a discussion document that seeks the public's feedback on the laws and institutions to transition to a low-emissions, climate resilient economy. These include:
 - 6.1 a new greenhouse gas emissions reduction target for 2050;
 - 6.2 a system of emissions budgets to provide stepping stones to reach the 2050 target;
 - 6.3 an independent Climate Change Commission; and
 - 6.4 a range of adaptation measures.

7. In 2050, New Zealand's economy will look very different. I acknowledge that a transition to a low-emissions and climate resilient economy will require will be challenging, particularly for some sectors and communities, and that there will be associated costs.¹ However, these adjustments are not inconsistent with ongoing economic and land use changes, and, while the transition will have its challenges, it is achievable. If we start now, there will be options for how we transition, and continue to grow, our economy. A number of decisions will need to be made about how far and how fast we transition the economy, and how to ensure it is fair, just, and timely. The sooner we plan for the transition, the less disruptive it will be.
8. The transition is also likely to have several co-benefits. These include improved outcomes for urban environments, public health, air and water quality, and biodiversity. Emerging technologies and firms may also provide opportunities for New Zealand employment, exports, and productivity gains.
9. As highlighted in the Productivity Commission report, *Low-emissions Economy: Draft Report*, there are four key pillars to transition to a low-emissions economy. The Zero Carbon Bill will deliver on one of these by providing a strong Government signal, enduring laws and institutions, stable and predictable policy settings, and incentives for climate-friendly innovation and investment. New Zealanders must be part of the conversation and invested in the future envisaged by the Zero Carbon Bill.
10. I seek Cabinet agreement to release the discussion document, *Zero Carbon Bill: Our Climate, Your Say*, for a six-week consultation period from 7 June – 17 July 2018. The approach to public consultation will be two-fold, both engaging on the technical aspects of the proposals and facilitating a nationwide conversation on climate change. It will use new and innovative tools and means of communication, as well as a series of public meetings around the country.
11. Following Cabinet agreement, I intend to officially release the discussion document on the Ministry for the Environment's website on 7 June 2018, accompanied by an official launch event in Auckland. Following consultation, I intend to report back to Cabinet to seek final policy decisions in August 2018.

Background

New Zealand is committed to playing its part in the global response to climate change

12. In 2016, New Zealand signed the Paris Agreement alongside 194 other signatories. In doing so, we committed to communicating nationally determined contributions every five or ten years. We also agreed to support global efforts to keep the global temperature rise below 2 degrees Celsius above pre-industrial levels, and pursue efforts to limit the temperature increase to 1.5 degrees Celsius.
13. The Paris Agreement also created an expectation that New Zealand would develop and communicate a long-term low-emissions greenhouse gas development strategy. New Zealand's first target under the Paris Agreement is to reduce greenhouse gas emissions to 30 percent below 2005 levels by 2030. We

¹ Economic modelling out to 2050 shows that the economy is expected to grow, but that there will be a cost to reducing emissions. For example, if New Zealand decides on an ambitious net zero emissions 2050 target, our GDP could grow by 1.9 per cent per annum. This is compared to growing at 2.2 per cent per year if we did not take measures to reduce our emissions. This modelling is based on mid-range results.

expect to complete our long-term emission reduction strategy before 2020, in accordance with agreed international timelines.

Cabinet agreed to introduce the Zero Carbon Bill in a transparent and inclusive manner

14. As part of this Government's commitment to climate change action, Cabinet agreed to introduce a Zero Carbon Bill [CAB-17-MIN-0547 refers]. The Zero Carbon Bill will set a new 2050 greenhouse gas emissions reduction target in law. Establishing this will articulate New Zealand's direction of travel, which will in turn orient our succession of nationally determined contributions, and set the objective of the long term strategy needed to develop and communicate this. The Zero Carbon Bill will also establish an independent Climate Change Commission and define its roles, powers, and functions.²
15. The Zero Carbon Bill will provide greater policy stability and certainty for investors. For example, by providing a clear sense of direction, the 2050 target and emissions budgets will incentivise investment in low-emissions technology and new industries, and create jobs. As an independent body that will hold successive governments to account and provide expert analysis and advice, the Climate Change Commission will also provide stability and foster public confidence. However, I also recognise the need to balance stability with the flexibility to respond to technological advances, changes in New Zealand's circumstances, and actions being taken on the world stage. The ability to periodically review the mechanisms proposed by the Zero Carbon Bill, such as emissions budgets and adaptation measures, will ensure they remain relevant.
16. Cabinet also agreed that the development of the Zero Carbon Bill should be open and transparent, and achieve widespread public buy-in. The legislative development process must therefore involve wide engagement and consultation with communities, business and Māori (in line with the principles of Te Tiriti o Waitangi). I will also seek cross-party support to ensure that the Zero Carbon Bill is enduring.
17. The Zero Carbon Bill will play a key role and, in many respects, build on New Zealand's existing climate change commitments. It will provide the architecture for reducing emissions and building resilience to climate change impacts, and give effect to one of the Productivity Commission's primary recommendations for the transition to a low-emissions economy.³
18. The Zero Carbon Bill is also supported by the all-of-government framework for climate change policy, which rests on three fundamental commitments [CAB-18-MIN-0218; ENV-18-MIN-0011]:
 - 18.1 **leadership at home and internationally** – domestic action that has a clear and ambitious goal will send a strong signal to stimulate innovation and investment, and will be a key way for New Zealand to influence the global response;

² This gives effect to Government commitments under both the coalition agreement between the New Zealand Labour Party and New Zealand First, and the Government's confidence and supply agreement between the New Zealand Labour Party and the Green Party of Aotearoa New Zealand.

³ New Zealand Productivity Commission (April 2018) *Low-emissions Economy: Draft report*, available at <https://www.productivity.govt.nz/inquiry-content/3254?stage=3>. The Productivity Commission identified four pillars, one of which was establishing the law and institutions necessary to achieve stable and credible climate change policy.

- 18.2 **a productive, sustainable and climate-resilient economy** – understanding the benefits and trade-offs of the transition, and identifying the best-value opportunities to encourage innovation, de-couple emissions from growth, and diversify our economy; and
- 18.3 **a just and inclusive society** – managing the pace and nature of the transition, and supporting affected regions, sectors, and communities (including iwi/hapū/Māori) to adjust to the transition and adapt to climate change impacts.

The Zero Carbon Bill is just one piece of the climate change puzzle

19. As identified by the Productivity Commission, providing appropriate laws and institutions is just one of the ways that New Zealand can achieve stable and credible climate policy. While the Zero Carbon Bill satisfies this requirement, I acknowledge that there are three additional “pillars” that we will need to work through as a Government:

- 19.1 **emissions pricing** – reforming the structure of the New Zealand Emissions Trading Scheme (NZ ETS) and increasing its coverage;
- 19.2 **regulation and policies** – introducing other pricing mechanisms (e.g. an updated waste disposal levies) and supporting regulations; and
- 19.3 **innovation and investment** – increasing research and development funding for mitigation, promoting innovation in clean technologies, and introducing other targeted low-emissions investments and policies.

20. This Government is committed to improving the NZ ETS, so that it helps us meet our climate change targets. By the end of 2019, I intend for amendments to be made to the Climate Change Response Act 2002 to improve the overall operation and design of the NZ ETS. I expect to return to Cabinet with NZ ETS consultation material later this year, following consultation on the Zero Carbon Bill. There are also likely to be amendments to the Climate Change Response Act 2002 to implement the Paris Agreement.

21. This Government is also committed to assessing the opportunities that exist across the climate change portfolios to encourage innovation and investment in low-emissions technology and development. We acknowledge that pricing and regulations could be used to support the transition.

Comment

I seek Cabinet approval to release a discussion document for public consultation on the Zero Carbon Bill

22. The Zero Carbon Bill will establish the laws and institutions necessary to transition to a low-emissions and climate-resilient economy. The discussion document, *The Zero Carbon Bill: Our Climate, Your Say* (provided in Appendix 1), outlines our key proposals under the Zero Carbon Bill.

23. In addition to setting a new 2050 target in law and establishing the Climate Change Commission, I propose that the Zero Carbon Bill establishes the architecture to support emissions budgets and a number of adaptation measures.

24. I seek approval to release the discussion document (Appendix 1), and to commence a six-week consultation period from 7 June to 17 July 2018.

The discussion document will seek the public's views on a 2050 target, emissions budgets, the Climate Change Commission, and adaptation measures

25. The following sections detail the proposals contained in the discussion document. They also indicate the options that will be consulted on and whether particular options are recommended.

2050 target

26. The 2050 target included in the Zero Carbon Bill could take several forms and could be set at various levels.

27. A legislated 2050 target will have significant impacts for New Zealand, and how we transition to a low-emissions, climate resilient future. Generating a public conversation on the available options is critical, as each would have different implications for how we meet our obligations under the Paris Agreement and affect our overall economic outcomes.

28. I propose consulting on the following options:

Table 1: Options for the 2050 target

| Option | Description |
|--|---|
| Net zero carbon | New Zealand would be committed to reducing its net carbon dioxide emissions to zero by 2050 (note: this would only apply to carbon dioxide, not other gases) |
| Net zero long-lived gases and stabilised short-lived gases | New Zealand would need to reduce its long-lived gases (e.g. carbon dioxide and nitrous oxide) to net zero by 2050, while also stabilising the flow rate of short-lived gases (e.g. methane) |
| Net zero emissions | New Zealand would need to reduce its impact on the climate to zero by achieving net zero emissions across all greenhouse gases |

29. I also recommend consulting on a potential role for the Climate Change Commission in the target-setting process, as proposed by the Parliamentary Commissioner for the Environment. This would mean that the government would put a general statement of ambition into the Zero Carbon Bill and specify the exact quantitative target once the Climate Change Commission has provided advice on what this level should be.

30. To understand the benefits and the challenges of the transition and the impacts of the 2050 target options, economic analysis and modelling have been undertaken.

31. Stronger climate policies and higher emissions prices are expected to have a range of benefits. These include improved public health, less time lost in traffic congestion, and improved water quality.

32. While the models can help us understand what might happen as New Zealand transitions its economy, the uncertainties increase as we look further into the future. I recognise that a great deal could change over the next three decades, both domestically and globally, and emphasise that the modelling results therefore need to be treated as indicative, not conclusive.

33. The modelling indicates that New Zealand's economy can continue to grow under each of the 2050 target scenarios. However, this economic growth may occur

more slowly than it might in the absence of any further climate action. For example, if we make ambitious efforts to become a net zero emissions economy, New Zealand's GDP could grow by 1.9 per cent every year. This is compared to growing at 2.2 per cent every year, assuming that New Zealand does not take steps to reduce emissions. This is based on mid-range results from two different modelling exercises.

34. However, it is important to recognise that this growth is not guaranteed. To grow, there must be continued innovation throughout New Zealand's economy. For example, the development of a methane vaccine that could materially reduce the emissions from livestock would be an important tool for us to keep the costs of our transition down.
35. The modelling also shows that the economic impacts of meeting these targets will not be felt evenly, as some households and sectors are likely to face higher costs and more disruption than others. Our commitment to a just transition means we need to be mindful of ways to mitigate costs to households.
36. It is likely that land use changes will be among the most complex and substantial involved in the transition. In order to meet any of the 2050 targets, for example, the forestry estate will need to expand substantially.
37. The most ambitious target proposed is net zero emissions. To achieve this target by 2050, the modelling suggests that up to 2.8 million hectares of new forest planting might be needed. This represents 10 per cent of New Zealand's land area.⁴ To ensure that the transition is just, the plans that we make will need to ensure rural households and communities are well-prepared for any changes in land use that occur.

Emissions budgets

38. Emissions budgets can also be described as interim targets or stepping stones. They represent smaller, more manageable targets that will help us achieve our overarching 2050 target. In addition to providing greater certainty around the transition pathway, these will allow us to monitor progress and ensure successive governments remain on track to meeting our 2050 target.
39. I suggest that the Climate Change Commission recommend the level of the emissions budgets, and that the Government publicly responds with plans to achieve them. Targets and emissions budgets could also be revised to respond to significant changes in the economy, technological advances, and actions taken in other parts of the world.
40. I also propose consulting on the high-level design of emissions budgets. This will invite comment on key elements, including options for the look-ahead period, the duration of each budget, the ways in which emissions budgets are monitored, reviewed, and revised, and whether emissions reductions can be banked or borrowed from one budget to the next. This will include the Parliamentary Commissioner for the Environment's suggestion of emissions budgets that have a six year duration and are reviewed every three years.
41. My preference is for emissions budgets to be set 10-15 years in advance, with each budget specifying an allowable volume of emissions for a five year period.

⁴ Currently, over 35 per cent of New Zealand's land area is covered by forest. This amounts to 9.9 million hectares.

Future budgets could be revised within a given threshold to allow for economic and technological changes. Some ‘banking and borrowing’ could be allowed between emissions budget periods (within limits).

42. The Government would need to respond to emissions budgets with plans and policies detailing how New Zealand can meet them. These would be prepared, published and maintained by the Government and help support our transition to a low-emissions, climate resilient economy.

Climate Change Commission

43. The Zero Carbon Bill could establish the Commission to provide expert advice and hold successive governments to account for progress towards our 2050 target.

44. I propose that the consultation document outlines the full range of potential roles that the Commission could have (from a purely advisory role through to a decision-making and policy setting role), indicating a preference for a core set of advisory functions and a statutory requirement that the Government publicly responds to the Commission’s recommendations. Under this model, the Commission would be a sound source of independent advice, but the Government would retain its ability to make policy decisions and determine trade-offs across the economy and society.

45. I also propose consulting on the advisory functions that the Commission could play in respect of the 2050 target, emissions budgets, and adaptation measures. My preferences are detailed in Table 2 below.

Table 2: Proposed functions of the Climate Change Commission

| Area | Proposed functions |
|---------------------|--|
| Emissions budgets | <ul style="list-style-type: none"> • Advise on the most appropriate level of an emissions budget, considering: <ul style="list-style-type: none"> ○ the extent of reliance on international emissions reductions; ○ the 2050 target; ○ Nationally Determined Contributions under the Paris Agreement; ○ the extent to which sectors covered by the NZ ETS should reduce emissions; and ○ areas across the economy where there are opportunities to reduce emissions. • Advise on areas of the economy that the Government could focus on to achieve emissions budgets. • Advise on the revision of emissions budgets and the upper limit of international units to be used in a budget period (subject to various considerations). • Monitor and assess New Zealand’s performance and progress against the emissions budget. |
| 2050 target | <ul style="list-style-type: none"> • Periodic check-ins on whether any changes need to be made to the 2050 target |
| Adaptation measures | <ul style="list-style-type: none"> • Monitor the Government’s progress in addressing the risks posed by climate change. |

| | |
|----------------|---|
| General advice | <ul style="list-style-type: none"> • Provide independent advice as and when requested. |
|----------------|---|

46. I also propose consulting on options for the Commission’s role in relation to the NZ ETS. The first option is for the Commission to hold a formal advisory role in respect of the NZ ETS settings that would best support reaching the 2050 target (as per Table 2). The alternative option is for the Commission to have a stronger, decision-making role around the supply of New Zealand Units to the market. In coming to a decision, the perceived stability and predictability of the scheme will need to be considered, alongside the need for flexibility to respond to changing circumstances (e.g. economic shocks or natural disasters) and the ability of the Government to consider the NZ ETS in the context of other policy interventions, and its fiscal obligations.

47. I also recommend that we consult on the expertise that the Commissioners should have.

Adaptation measures

48. I propose that the Zero Carbon Bill introduces several core adaptation measures to ensure that climate change risks are managed in a systematic way. These include a National Climate Change Risk Assessment, a regularly reviewed National Adaptation Plan, and Adaptation Reporting Powers.

49. I recommend consulting on the parameters, scope and scale of both the National Climate Change Risk Assessment and National Adaptation Plan.

50. The proposed National Climate Change Risk Assessment would inform decisions about where New Zealand should invest its effort to reduce climate change risk and minimise the cost of future climate-related disaster response and recovery. This publicly available report would help align New Zealand’s approach to climate change adaptation across all sectors, and stimulate action in a systematic way. It would also provide the necessary foundation for investment and decision-making, and guide future work. In addition, it would provide the evidence base needed to effectively communicate current and future risks and opportunities. I propose that the Assessment be updated every five years, to ensure it remains responsive to New Zealand’s needs.

51. The proposed National Adaptation Plan would be developed by the Government in collaboration with key stakeholders (including hapū/iwi/Māori), and would provide a planned response to climate change risks and prioritise the ways in which these should be addressed. The Plan would be based on strong scientific evidence, provide robust information, and raise awareness of climate change risks. It could also clarify the roles and responsibilities for climate change adaptation across different statutes (other than the Zero Carbon Bill) and sectors, and determine who needs to act on what and when. The plan would utilise existing policy levers, integrate climate change risks into decision-making, and recognise the importance of coordination, collaboration and cooperation across government, sectors, and New Zealand society more broadly.

52. I propose that implementation of the National Adaptation Plan is regularly reviewed to ensure it is enduring and leads to effective adaptation action. This review could be undertaken by the Climate Change Commission (or a similarly independent body) at the mid-point of the five year cycle. The review would inform the next National Adaptation Plan, reprioritising actions and resources as required.

53. I would also seek New Zealanders' views on whether the Government should further investigate an Adaptation Reporting Power. This could result in some organisations sharing information on their exposure to climate change risks.

54. Feedback would also be sought on the respective roles of central government and the Climate Change Commission for each of these measures.

Authority for finalising the discussion document could be delegated to the Climate Change Ministers

55. I propose that Cabinet approve the release of the discussion document, but delegate responsibility for any final changes to the Ministers for Climate Change, Finance, Environment, Forestry, Energy and Resources, and Agriculture, the Associate Minister for the Environment (Hon Eugenie Sage), and the Associate Minister for Transport (Hon Julie Anne Genter).

Consultation will be transparent and participatory, engaging as many New Zealanders as possible

56. Climate change will affect all New Zealanders and impact every area of the economy. The Zero Carbon Bill will provide the laws and institutions needed to effectively transition to a low-emissions, climate resilient economy. Its development therefore needs to be transparent and participative, and involve as many people as possible.

57. My officials have accordingly developed an engagement strategy that is designed to engage a broad range of New Zealanders. The approach is two-fold. It will promote engagement on the technical detail that could be included in the Bill, and also target individuals who do not normally participate in government consultation.

Formal consultation on the technical detail

58. To meet legislative good practice and ensure an efficient and effective drafting process, we need to provide enough policy detail and analysis of the available options to enable informed decisions on specific components of the Bill.

59. I propose that this be informed by traditional consultation mechanisms, including:

- 59.1 the publication of the discussion document (Appendix 1);
- 59.2 the publication of a technical document detailing our economic modelling shortly after consultation commences;
- 59.3 technical workshops (facilitated by the Ministry for the Environment); and
- 59.4 one-on-one engagement with key stakeholders.

Nationwide engagement and a "call to action" more broadly

60. We also need to engage those who are not interested in the technical detail of the Zero Carbon Bill and/or do not typically engage in public consultation processes

61. To ensure that a truly national conversation takes place, this should involve new and comprehensive forms of engagement, including:

- 61.1 working with partners, such as iwi/hapū/Māori;
- 61.2 showing action that individuals, organisations, businesses and others are taking on climate change;

- 61.3 headlining with a “call to action” that mobilises New Zealanders to have their say on key issues and do their bit to reduce emissions.
62. This will involve social media platforms and innovative ways of presenting information and receiving feedback. It will include an innovative submissions form that will make it easier for people to indicate preferences and express their views, and encourage those who don’t usually engage in government consultations to take part. We will also use well-known New Zealanders, iwi/Māori, social media influencers, journalists, and businesses to raise the profile of the Zero Carbon Bill and inspire others to take action on climate change. Officials have undertaken extensive pre-engagement ahead of the consultation opening, raising awareness of the consultation and encouraging stakeholders to submit on the proposals and promote it to their networks and customers.
63. The consultation period will begin with an official launch event in Auckland, followed by a regional launch in Whangarei, and a number of events, public meetings, workshops and activities across the country. These will be supplemented with online equivalents (e.g. using features such as Facebook Live, online “Q&A” sessions, and video blogs (“vlogs”)), which will provide greater engagement opportunities, particularly with youth and those unable to physically attend public meetings.

Releasing an advance copy of the discussion document with strategic groups in-confidence

64. I also request Cabinet approval to share the finalised discussion document with the Pou Taiao Iwi Leaders Group and the Interim Climate Change Committee prior to its official release on 7 June. This would take place once the group of delegated Ministers have approved final changes, and occur on a strictly in-confidence basis.
65. Historically, the Ministry for the Environment has had a strong relationship with the Pou Taiao Iwi Leaders Group. I consider that sharing an advanced version of the discussion document with the Pou Taiao Iwi Leaders Group will both reflect and continue this relationship, and follows recommendations from my officials.
66. I also consider that the discussion document should be provided to the Interim Climate Change Committee. As the immediate pre-cursor to the proposed Climate Change Commission and a body intrinsically linked to the proposals outlined in the discussion document, the Interim Climate Change Committee is likely to be asked for its views on the Zero Carbon Bill. Providing an advance copy will allow the Interim Climate Change Committee to prepare considered responses to these questions.

Consultation

67. Relevant government agencies have been consulted on the contents of this paper. These include the Treasury, Ministry for Primary Industries, Ministry of Business, Innovation and Employment, Ministry of Foreign Affairs and Trade, Ministry of Justice, Ministry of Transport, State Services Commission, Department of Conservation, Department of Internal Affairs, Te Puni Kōkiri, Ministry for Culture and Heritage, Ministry for Women, Energy Efficiency and Conservation Authority and the New Zealand Transport Agency.

68. The Department of the Prime Minister and Cabinet (Policy Advisory Group) has been informed and has reviewed the proposals in this paper.
69. The Climate Change Ministers' group has also met twice to discuss the narrative of the discussion document and the economic modelling that informs it.

Financial implications

70. The release of the appended discussion document has no direct financial implications.
71. On 18 December 2017, Cabinet approved funding of \$0.460 million for 2017/18 and \$0.180 million for 2018/19 for the development of the Zero Carbon Bill. This includes consultation and associated costs, and the drafting and legislative process [CAB-17-MIN-0547.01].
72. Budget 2018 sets aside \$2.207 million of funding in a tagged contingency to contribute to the costs that the Ministry for the Environment will incur in the establishment of the Climate Change Commission.
73. I intend to report back to Cabinet to seek final policy decisions in August 2018. At that time I will seek Cabinet approval to draw down on the tagged contingency, so that the Ministry can begin the work necessary to establish the Commission. I will also seek funding for the on-going funding of the Climate Change Commission.
74. The Treasury and the Ministry for the Environment will further investigate options for reporting on the fiscal implications of legislated climate change targets and progress towards them. This work will be available to inform final Cabinet policy decisions on a target for inclusion in the Zero Carbon Bill.

Human rights

75. The proposals in this paper and the attached discussion document are consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Te Tiriti o Waitangi

76. I acknowledge the impact that climate change is likely to have on Māori communities nationwide, and that much of the Māori economy is involved in natural resource management, including forestry, agriculture and the marine environment.
77. I propose that the architecture put in place by the Zero Carbon Bill acknowledges the Government's obligations under Te Tiriti o Waitangi. For example, I propose that, when consulting and providing advice, the Climate Change Commission acts consistently with the principles of Te Tiriti o Waitangi and the responsibilities that flow from them. I also recommend that the Climate Change Commission contains expertise in mātauranga Māori, Te Tiriti o Waitangi, te reo me ona tikanga Māori, and the Māori economy.
78. Consultation should also be consistent with the principles of the Te Tiriti o Waitangi, particularly the principles of good faith and partnership. The consultation period will therefore include several hui with iwi/hapū/Māori, who we will continue to engage with as work on the Zero Carbon Bill progresses.

79. Given the important relationship that the Ministry for the Environment has with the Pou Taiao Iwi Leaders Group, I also propose releasing an in-confidence version of the discussion document with the Pou Taiao Iwi Leaders Group in advance of its official release on 7 June.

Legislative implications

80. There are no specific legislative implications associated with this paper, as policy decisions on the scope and content of the Zero Carbon Bill are intended to be made in August 2018, following public consultation.

81. After final policy decisions have been made, I propose that the Parliamentary Counsel Office start drafting the Bill with a view to introducing the Zero Carbon Bill to Parliament by 31 October 2018 and passing the Zero Carbon Act by mid-2019.

82. I note that the Zero Carbon Bill may require consequential amendments to be made to the Climate Change Response Act 2002.

Regulatory impact analysis

83. The Regulatory Quality Team at the Treasury has determined that the regulatory decisions sought in this paper are exempt from the requirement to provide a separate Regulatory Impact Assessment, as the relevant issues have been addressed in the discussion document. The Ministry for the Environment's Regulatory Impact Analysis Panel has reviewed the attached discussion document containing the regulatory impact analysis prepared by the Ministry for the Environment. The Panel considers that the document partially meets the quality assessment criteria.

84. The document is written clearly and the case for change has been clearly outlined, including the international and domestic context and the problem definition. The proposals in the document provide an adaptive approach, including the potential for review, based on how New Zealand and also other countries are progressing on their low emissions transitions.

85. Due to information and data constraints, the economic modelling has provided indicative aggregate estimates (within a very broad range) of the cost of reducing emissions and the potential impact on economic growth. The modelling does not take account of wider co-benefits of policies to drive lower emissions and cost savings through avoiding damage from climate change. However, the proposals include mechanisms to collect better information over time to assist decision-makers.

86. The document is light on the potential impact on industry and sectors, although consultation should elicit some further information on this. The post-consultation regulatory impact analysis will also need to include greater consideration of the impacts and costs of the proposals, and how to best mitigate those, including for households. That analysis will also need more detail about how the proposals would be implemented and implementation risks addressed.

87. The post-consultation regulatory impact analysis will need to contain clearer and more detailed description of the institutional arrangements proposed, and how this impacts on the roles of Ministers and existing agencies, including decision-making and the provision of advice. |

Gender implications

88. Climate change disproportionately affects women, particularly in their traditional role as primary caregivers, and exacerbates existing gender inequalities.⁵ Women play a critical role in the response to climate change and serve as agents of mitigation and adaptation in promoting sustainable development.
89. Women will directly benefit from ambitious climate change action, through both mitigation and adaptation activities. Tangible action on climate change is expected to have positive impacts for women both in New Zealand and across the world.

Publicity

90. Given the importance of climate change and the need for a national conversation around the transition to a low-emissions and climate-resilient economy, it is important that there is significant publicity around the release of the discussion document.
91. The six-week consultation period will be widely advertised and kick-started by a launch event in Auckland. Consultation will utilise a variety of engagement tools, traditional and non-traditional, designed to reach as many people as possible.

Recommendations

The Minister for Climate Change recommends that Cabinet:

1. **agree** to release a discussion document for public consultation on the proposed Zero Carbon Bill
2. **delegate** authority to finalise the drafting of the discussion document to the Ministers for Climate Change, Finance, Environment, Forestry, Energy and Resources, and Agriculture, the Associate Minister for the Environment (Hon Eugenie Sage), and the Associate Minister for Transport (Hon Julie Anne Genter), following Cabinet consideration on 28 May
3. **agree** to share the discussion document with the Pou Taiao Iwi Leaders Group and Interim Climate Change Committee in-confidence following final changes, but prior to the official release on 7 June
4. **note** that the Zero Carbon Bill discussion document will include a range of options for public consultation, including:
 - 4.1 a new greenhouse gas emissions reduction target for 2050
 - 4.2 a systems of emissions budgets to provide stepping stones to reach the 2050 target
 - 4.3 an independent Climate Change Commission and
 - 4.4 a range of adaptation measures.
5. **note** that Cabinet has committed to ensuring a just and effective transition, including a transparent and participative approach to climate change policy, which will require wide engagement and consultation with communities, business and iwi/hapū/Māori on the content of the Zero Carbon Bill

⁵ Internationally, there is a lot of literature on how women fare poorly in natural disasters, features of which are similar to climate change. For example, women are 14 times more likely to die during a natural disaster than men.

6. **note** the dual approach to public consultation will include engaging on the technical detail of the Zero Carbon Bill proposals and facilitating a national conversation around climate change
7. **agree** that the Ministry for the Environment will release the finalised discussion document on 7 June 2018
8. **agree** to the six-week period for public consultation from 7 June to 17 July 2018
9. **invite** the Minister for Climate Change to report back to Cabinet, following public consultation, to seek final policy decisions in August 2018, with a view to introducing the Zero Carbon Bill to Parliament by 31 October 2018
10. **agree** that the Minister for Climate Change will proactively release this paper on the Ministry for the Environment's website, subject to appropriate withholdings under the Official Information Act 1982

Authorised for lodgement.

Hon James Shaw

Minister for Climate Change

Appendix 1. Draft discussion document: *The Zero Carbon Bill: Our Climate, Your Say*