



Cabinet Business Committee

Minute of Decision

McGuinness Institute title:
[CBC-21-MIN-0030] Carbon
Neutral Government Programme:
Report on Implementation and
Further Decisions

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Carbon Neutral Government Programme: Report on Implementation and Further Decisions

Portfolio Economic and Regional Development / Climate Change

On 29 March 2021, the Cabinet Business Committee:

Background

1 **noted** that in November 2020, Cabinet:

- 1.1 agreed to establish the Carbon Neutral Government Programme (the Programme), a long-term work programme that aims to make a number of government organisations carbon neutral from 2025, and help them accelerate their emissions reduction journeys;
- 1.2 invited the Minister for Economic and Regional Development and/or the Minister of Climate Change to report back in March 2021 on how the Programme participants will measure emissions, manage and report on them, and have set gross emissions reduction targets and credible reduction plans by December 2023;

[CAB-20-MIN-0491]

2 **noted** that the Programme was announced on 2 December 2020;

How Programme participants will set emissions reductions targets and plans

- 3 **agreed** that participants will set a gross emissions reduction target consistent with the intent and purpose of the Climate Change Response (Zero Carbon) Amendment Act 2019 and the Paris Agreement of limiting the global average temperature increase to 1.5 degrees Celsius above pre-industrial levels, measured against a base year set by each agency and based on the reduction potential within their organisation, for 2025 and 2030;
- 4 **noted** that to support Programme participants to be on a 1.5 degree reduction pathway, guidance and assistance will be provided by the Ministry for the Environment;
- 5 **agreed** that expected gross emissions reductions targets be reviewed in 2025, 2028 and 2030 to ensure they are ambitious and practicable, and take into account actual greenhouse gas emissions related data from participants;
- 6 **agreed** that measurement on meeting the 2025 and 2030 targets (based on reporting from the previous financial year) be calculated in December 2025 and 2030;

Scope of reporting

- 7 **agreed** that the proposed mandatory scopes of reporting for Programme participants include Scope 1, Scope 2 and specified mandatory Scope 3 emissions, as outlined in Table 1 of the paper under CBC-21-SUB-0030 (noting the different approach for School Boards of Trustees in paragraph 17 below);
- 8 **noted** that this scope of reporting is aligned with international and national best practice and guidance;

Accountabilities for Programme participants reporting on their emissions

- 9 **agreed** that for the first tranche of participants:

9.1 Public Service Departments, Departmental Agencies and Non-Public Service Departments (excluding the Office of the Clerk of House of Representatives and Parliamentary Service) must:

- 9.1.1 report their emissions and set a gross emissions reduction target for 2025 and 2030, in accordance with guidance to be provided by the Ministry for the Environment;
- 9.1.2 develop and implement credible reduction plans to help them reach their gross emissions reduction targets;
- 9.1.3 report their emissions, reduction plans and progress towards their gross emissions reduction targets to the Programme Lead (currently the Ministry for the Environment) by December each year, commencing in December 2022, in accordance with guidance to be provided by the Ministry for the Environment; and
- 9.1.4 include summarised information provided to the Ministry for the Environment in their annual reports, from the 2021/22 financial year onwards;

9.2 responsible Ministers will communicate the decision in paragraph 9.1 above to the Chief Executives of their relevant departments via letter (for which a template letter will be prepared by Ministry for the Environment);

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- 11 **agreed** that for the second tranche of participants, a whole-of-government direction issued under section 107 of the Crown Entities Act 2004 (section 107 direction) is the preferred approach to ensuring that Crown Agents comply with the proposed reporting requirements;
- 12 **noted** that the Ministry for the Environment will develop a proposed section 107 direction to apply to Crown Agents, requiring them to take the actions set out in paragraph 9.1 above from the 2022/23 financial year onwards;
- 13 **authorised** the Minister of Finance and the Minister for the Public Service to consult with affected Crown Agents in June 2021 on the proposed section 107 direction;

- 14 **noted** that for the third tranche of participants, officials will encourage the Office of the Clerk of the House of Representatives, the Parliamentary Service, the Reserve Bank of New Zealand, Offices of Parliament, Universities and Tertiary Institutions (including the New Zealand Institute of Skills and Technology) to take the actions set out in paragraph 9.1 above from the 2022/23 financial year onwards, by sharing guidance, training and resources with them, maintaining regular communications, and encouraging them to share this information with the Programme Lead and in their annual reports;
- 15 **noted** the correction in the table in Appendix 1 to the paper under CBC-21-SUB-0030 that the Office of the Clerk of the House of Representatives and the Parliamentary Service can only be encouraged (rather than instructed);

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Emissions reporting for the schooling sector

- 17 **agreed** that the Ministry of Education report on the direct greenhouse gas emissions from fuel use (Scope 1) and indirect greenhouse gas emissions from imported energy (Scope 2) for the State schooling sector from the 2022/23 financial year onwards;
- 18 **noted** that the Ministry of Education, in consultation with the Ministry for the Environment, will report back to the Minister of Education and Programme Ministers by December 2021 on what other sources of Scope 1 and Scope 3 emissions can be collected and reported on for the State schooling sector, the associated costs, and recommendations for further emissions reporting in the schooling sector;

Arrangements for the Programme's ongoing coordination and governance

- 19 **agreed** that the interim coordination and governance arrangements agreed in November 2020 [CAB-20-MIN-0491] continue over the next year and be reviewed in March 2022 by the Programme Ministerial Group (Minister for Economic and Regional Development (chair), Minister of Finance, Minister of Energy and Resources, Minister of Climate Change and Minister for the Public Service);

Boundaries of reporting

- 20 **noted** that guidance will be provided to Programme participants on the boundaries of reporting, and that this will align with international and national best practice while maintaining some flexibility;

Transitioning the government fleet to low-emissions vehicles

- 21 **noted** that in November 2020, Cabinet agreed that when replacing vehicles, Procurement Mandated agencies be required to choose a battery electric vehicle, or a plug-in hybrid electric vehicle if a battery electric vehicle is not appropriate for the proposed use, unless there are operational requirements or other circumstances that prevent them from doing so [CAB-20-MIN-0491];

- 22 **noted** that the Ministry of Business, Innovation and Employment (MBIE) is in the process of amending the existing fleet procurement guidance and requirements for agencies to reflect the above decision, including working with the Energy Efficiency Conservation Authority (EECA) to develop parameters to guide agencies on why a low-emission vehicle may not be a practical option and when an exemption to procure a petrol or diesel vehicle may be considered reasonable;
- 23 **noted** that leasing (as opposed to owning) vehicles reduces the upfront capital cost barrier to transitioning the fleet, and that officials are exploring the opportunity that leasing may provide and the associated different financing options;
- 24 **noted** that MBIE will revise the existing government fleet 'dashboard' monitoring to reflect the 'electric vehicles first' policy and provide more transparency on progress;
- 25 **invited** the Minister for Economic and Regional Development and/or the Minister of Climate Change to report back to Cabinet by 30 June 2021 on:
- 25.1 progress towards transitioning the government fleet to low-emissions vehicles;
 - 25.2 the development of a transition timeline;
 - 25.3 any remaining barriers to the transition and options to address them;
 - 25.4 advice on mechanisms to support agencies to accelerate the transition, including on different financing options;
- 26 **directed** Chief Executives of Procurement Mandated agencies to provide costed plans for transitioning to low-emission vehicles to MBIE for inclusion in the June 2021 report back above;

Estimated costs of implementing NABERSNZ for government offices

- 27 **noted** that the Government Property Group estimates that the total cost to those agencies subject to the Property Mandate to undertake National Australian Built Environment Rating System (NABERSNZ) assessments for leased office accommodation over 2,000m² is expected to be between [redacted] Confidential advice to Government
- 28 **noted** that:
- 28.1 the estimate of cost for agencies in undertaking NABERSNZ for leased office accommodation over 2,000m² for agencies under the Property Mandate does not include the investment that may be required to achieve the rating level, as it is not possible to quantify this until after an assessment has been completed;
 - 28.2 where investment is necessary to meet the required rating, an agency would, if practicable, achieve the rating over an agreed period of time;
- 29 **noted** that:
- 29.1 the EECA reports that buildings subject to recurring NABERSNZ assessments could realise estimated energy savings of four percent per annum, in part due to optimisation and efficiency recommendations from assessors;
 - 29.2 EECA expects this would drive energy cost savings of [redacted] Confidential advice to Government across the portfolio, with the potential for further savings in future years;

Potential future use of Green Star

- 30 **noted** that the inclusion of emission reduction factors within the Green Star rating system means that Green Star has the potential to support the objectives of the Programme;
- 31 **noted** that Green Star has been available in New Zealand since 2007, and that there are now other suppliers of sustainability rating services available to agencies;
- 32 **noted** that in Australia, the use of Green Star is voluntary and that the Australian Government is considering broader application of a number of rating systems, including and similar to Green Star;
- 33 **noted** that further work is underway to consider the role of rating systems and tools, such as the Green Star rating system, in supporting agencies to assess and reduce carbon emissions;

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Financial implications

- 35 **noted** that a Budget 2021 bid has been submitted to support some of the short to medium term costs of putting the government on track to reducing emissions and achieving carbon neutrality in line with best practice;
- 36 **noted** that there will be ongoing savings at an agency level from some of these initiatives due to either energy efficiency (e.g. in buildings) or lower energy costs (e.g. using electricity instead of petrol) that will counteract some (or all) of the costs;
- 37 **noted** that there are longer term costs that are dependent on future actions, decisions and the cost of offsetting, and that the magnitude of these costs is uncertain at this time.

Rachel Clarke
Committee Secretary

Present:

Rt Hon Jacinda Ardern (Chair)
Hon Grant Robertson
Hon Kelvin Davis
Hon Dr Megan Woods
Hon Chris Hipkins
Hon Carmel Sepuloni
Hon Andrew Little
Hon David Parker
Hon Stuart Nash
Hon Kris Faafoi
Hon Michael Wood
Hon James Shaw

Officials present from:

Office of the Prime Minister
Department of the Prime Minister and Cabinet

