



Cabinet

Minute of Decision

McGuinness Institute title:
[CAB-22-MIN-0152] Emissions
Reduction Plan: Completion and
Launch of the First Plan

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Emissions Reduction Plan: Completion and Launch of the First Plan

Portfolio Climate Change

On 2 May 2022, following reference from the Cabinet Business Committee, Cabinet:

Emissions Reduction Plan

- 1 **noted** the attached emissions reduction plan (the Plan), which the Minister of Climate Change (the Minister) intends to publicly release on 16 May 2022, within the timeframe required by the Climate Change Response Act 2002 (CCRA);
- 2 **noted** that the Plan includes the policy and implementation decisions already agreed by Cabinet, listed in Appendix 1 in the submission under CAB-22-SUB-0152;
- 3 **noted** that with determined and successful implementation, the package of policies and measures in the Plan is realistically expected to achieve our emissions budgets;
- 4 **noted** that there may still be minor changes in the Plan to the estimated impacts on emissions as a result of officials' final reviews – these changes are unlikely to affect the view of the Minister that the Plan is sufficient and ambitious for New Zealand;

Actions requiring minor clarifications

- 5 **noted** that actions in addition to those previously agreed will be necessary to give greater assurance that the Plan will meet the 2050 emissions target;
- 6 **noted** that Cabinet has previously agreed to prioritise gross emissions reductions in the emissions reduction plan, alongside maintaining support for net emissions reductions [CAB-21-MIN-0547.02];
- 7 **agreed in principle, subject to** outcomes of a targeted review, to the Climate Change Commission's (the Commission's) recommendations to amend the New Zealand Emissions Trading Scheme (NZ ETS) to strengthen the incentives for gross emissions reductions and manage the exotic forests driven by the scheme (recommendations 11.1 and 25.2a):
 - 7.1 Recommendation 11.1 - Amending the NZ ETS to strengthen the incentive for gross emissions reductions and to manage the amount of exotic forest planting the NZ ETS drives, in line with the Commission's advice on the proportion of emissions reductions and removals necessary for meeting emissions budgets;
 - 7.2 Recommendation 25.2.a - Amendments to the NZ ETS to manage the amount of exotic forest planting driven by the scheme;

- 8 **invited** the Minister, in consultation with the Minister of Energy and Resources and the Minister of Forestry, to report back by the end of June 2022 on the scope of a targeted review of unit supply (including industrial allocation, the current stockpile of units, rates of afforestation and deforestation, and the number of units being auctioned) in the NZ ETS to assess what changes may be necessary for the NZ ETS to:
- 8.1 drive an appropriate balance of net and gross emission reductions over time;
 - 8.2 include additional sources of emission removals;
 - 8.3 further support indigenous biodiversity; and,
 - 8.4 support achievement of the Nationally Determined Contribution (NDC) to reduce emissions by 50 percent below 2005 levels by 2030, in line with the government's priority to meet NDC1 through domestic action as much as possible [CAB-21-MIN-0435];
- 9 **noted** that Cabinet will make decisions on a number of other NZ ETS policies by the end of 2022, including market governance reforms, the review of industrial allocation, possible changes to the permanent exotic forestry category and annual updates to unit supply settings (following advice from the Commission);
- 10 **invited** the Minister, in consultation with the Minister of Energy and Resources and the Minister of Forestry, to report back to the Cabinet Environment, Energy and Climate Committee (ENV) on potential policy proposals s(9)(2)(f)(iv)
- 11 **directed** the new interdepartmental executive board, which will have cross-agency governance and accountability for the Plan, to work with relevant government agencies and Māori representatives to investigate options on how to improve low-emissions finance for Māori collectives;
- 12 **directed** officials to establish milestones, through the development of the Circular economy and Bioeconomy strategies, subject to further policy analysis, consultation, and funding;
- 13 **directed** officials to investigate options for use of bioresources as part of the bioeconomy strategy development, and in connection with the energy strategy;

Planning and infrastructure actions

- 14 **noted** the following seven actions committed to in the Planning and Infrastructure chapter:
- 14.1 Action 1: Improve the resource management system to promote lower emissions and climate resilience;
 - 14.2 Action 2: Support emissions reductions and climate resilience via policy, guidelines, direction and partnerships on housing and urban development;
 - 14.3 Action 3: Address infrastructure funding and financing challenges;
 - 14.4 Action 4: Improve the evidence base and tools for understanding and assessing urban development and infrastructure emissions;
 - 14.5 Action 5: Promote innovation in low-carbon, liveable neighbourhoods through a Crown-led urban regeneration project;

14.6 Action 6: Identify ways to support the private sector to deliver lower emissions development;

14.7 Action 7: Integrate climate mitigation into government decisions on infrastructure;

Implementing the Plan

15 **agreed** that the following Ministers and agencies be responsible for leading the work proposed in each of the chapters in the Plan:

Chapter title	Responsible Minister(s) [Lead], Support	Relevant agencies [Lead], Support
Empowering Māori	[Minister of Climate Change] Minister for Māori Crown Relations: Te Arawhiti, Minister for Māori Development	[MfE], TPK, MBIE, Te Arawhiti
Equitable transition	[Minister for Economic and Regional Development, Minister of Social Development and Employment], Minister of Education, Minister of Climate Change	[MBIE, MSD], MfE, TSY Education
Working with nature	[Minister of Conservation, Minister of Climate Change]	[DOC, MfE]
Emissions pricing	[Minister of Climate Change], Minister for the Environment Minister of Forestry, Minister of Agriculture, Minister of Transport, and Minister of Energy and Resources	[MfE], MPI, MBIE, MoT, TSY
Funding and Finance	[Minister of Finance, Minister of Climate Change]	[TSY, MfE], MBIE, DIA (Local Government)
RSI&T	[Minister of Research, Science and Innovation]	[MBIE], EECA, MPI, MfE
Circular economy and Bioeconomy	[Minister for Economic and Regional Development, Minister of Energy and Resources, and Minister of Forestry]	[MBIE], MPI, MfE
Planning and Infrastructure	[Minister for the Environment], Minister of Housing, Minister of Climate Change, Minister of Infrastructure	[MfE], HUD, MoT, Te Waihangā, TSY
Transport	[Minister of Transport]	[MoT], Waka Kotahi
Energy and Industry	[Minister of Energy and Resources]	[MBIE], EECA
Building and Construction	[Minister of Building and Construction]	[MBIE], HUD, Kāinga Ora, EECA
Waste	[Minister for the Environment]	[MfE]
F-gases	[Minister for the Environment]	[MfE]
Forestry	[Minister of Forestry]	[MPI]
Agriculture	[Minister of Agriculture]	[MPI]

- 16 **agreed** to the following adjustments to sector sub-targets previously agreed in December 2021 [CAB-21-MIN-0547.02] to align them with the emissions budgets for the first, second and third emissions budget period, noting that sub-targets for the second and third emissions budget periods are provisional:

Sector (All gases, net (AR5), expressed in MtCO₂-e)	First emissions budget (2022-2025)	Second emissions budget (provisional) (2026-2030)	Third emissions budget (provisional) (2031-2035)
Transport	65.9	76.0	56.8
Energy and Industry	70.1	72.8	63.3
Waste	13.7	14.9	12.7
F-gases	6.8	7.5	5.9
Agriculture	159.4	191.0	183.0
Forestry (amended)	(26.4)	(57.2)	(81.6)
Total emissions budgets	290	305	240

- 17 **noted** that the sector sub-targets outlined in paragraph 16 above are not made pursuant to specific provisions under the CCRA in the way that the overall emissions budget is, and that:
- 17.1 the interdepartmental executive board will be immediately responsible for monitoring and advising on options to manage variances within and between sector sub-targets to ensure the overall emissions budget is met; and
- 17.2 the Climate Response Ministerial Group will have final oversight of and responsibility for any such variances, including decisions on how to manage them within and across portfolios;
- 18 **directed** the Minister to report to ENV in quarter four of 2022 with a proposal outlining an implementation plan for the Plan, including clear targets and milestones for each chapter;

Launch of the Plan

- 19 **noted** that the Prime Minister and the Minister, in consultation with the Minister of Finance, will publicly launch the Plan on 16 May 2022 – and will coordinate on any specific announcements associated with the launch;
- 20 **noted** that the Plan will be gazetted and published, in accordance with the requirements of the CCRA;
- 21 **noted** that the Minister will publish a formal response to the Commission's recommendations in conjunction with the Plan;
- 22 **noted** that the Actions Table, attached as Appendix 4 to the submission under CAB-22-SUB-0152, will be published after Budget 22 announcements and notified in the New Zealand Gazette together with the Plan;
- 23 **noted** that the Actions Table is not yet complete and requires further amendments to be consistent with changes made to the Plan;

- 24 **authorised** the Prime Minister, the Minister of Finance, and the Minister to make final approvals of the policies that could form part of the Actions Table;
- 25 **noted** that the publication of the Actions Table as part of the Plan remains a decision for the Minister;
- 26 **noted** that Table B (which is not attached) is a list of the proposed responses to each of the Climate Change Commission's individual recommendations;
- 27 **noted** that Table B, after approval from the Minister, will be released on the Ministry for the Environment website after the Plan has been published in the New Zealand Gazette;
- 28 **noted** that a technical appendix, after approval by the Prime Minister, Minister of Finance, and Minister, will be released on the Ministry for the Environment website after the Plan has been published in the New Zealand Gazette;
- 29 **authorised** the Minister to take further decisions on minor and technical policy matters in line with the policy decisions agreed by Cabinet;
- 30 **noted** that the Minister will seek advice on any final substantive changes, if any, from the Climate Response Ministerial Group.

Michael Webster
Secretary of the Cabinet

Secretary's note: Minute revised to correct date in paragraph 19.