



PROACTIVE RELEASE COVERSHEET

Minister	Hon James Shaw	Portfolio	Climate Change
Name of package	Nationally Determined Contribution Strategy	Date to be published	18/10/2023

List of documents that have been proactively released		
<i>Date</i>	<i>Title</i>	<i>Author</i>
3 July 2023	Cabinet paper: Nationally Determined Contribution Strategy	Ministry for the Environment
3 July 2023	Appendix 1 – Nationally Determined Contribution Strategy	Ministry for the Environment
3 July 2023	CAB-23-MIN-0283 – Cabinet Minute of Decision	Cabinet Office
<p>Information redacted YES</p> <p>Any information redacted in this document is redacted in accordance with the Ministry for the Environment’s policy on proactive release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.</p> <p>Summary of reasons for redaction</p> <p>Some information has been withheld from the three documents under the following sections of the Official Information Act:</p> <ul style="list-style-type: none"> • s9(2)(d), to avoid prejudice to the substantial economic interests of New Zealand • s9(2)(f)(iv), to maintain the confidentiality of advice tendered by Ministers of the Crown and officials • s9(2)(g)(i), the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty • s9(2)(j), to enable a Minister of the Crown or any public service agency or organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). 		



Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Nationally Determined Contribution Strategy

Portfolio **Climate Change**

On 3 July 2023, following reference from the Cabinet Economic Development Committee, Cabinet:

Background

- 1 **noted** that on 26 October 2021, Cabinet agreed to update New Zealand's Nationally Determined Contributions (NDCs) to better align with the temperature goals of the Paris Agreement, committing to reduce net greenhouse gas emissions to 50 percent below gross 2005 levels by 2030 [CAB-21-MIN-0434];
- 2 **noted** that at the time of updating the NDC, Cabinet also:
 - 2.1 noted that the government's priority is to meet NDC1 through domestic action as much as possible to support New Zealand's transition to a low-emissions climate-resilient future;
 - 2.2 agreed to complement domestic action with international cooperation to access offshore mitigation, taking a portfolio approach that prioritises sustainable development outcomes and resilience in the Asia-Pacific region;
 - 2.3 s 9(2)(f)(iv)

[CAB-21-MIN-0435]

Strategy for meeting the NCC

- 3 **noted** that to meet NDC1, there is an estimated 99 MtCO₂-e gap to fill over and above achievement of the first two domestic emissions budgets;
- 4 **noted** that the system of emissions reduction plans (ERPs) is how the government can best contribute to meeting the NDC through as much domestic action as possible;
- 5 **noted** that meeting more of the first NDC through domestic action will require getting fully on track with the actions under the first emissions reduction plan (ERP1) and doing much more through the second emissions reduction plan (ERP2) to reduce emissions for the period 2021-2030;

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s 9(2)(g)(i)

7 **noted** that the right balance of domestic action and international cooperation for meeting the first NDC is not possible to determine upfront;

8 **noted** that the proposed NDC strategy takes an adaptive management approach to balancing domestic delivery and international cooperation, allowing for flexibility throughout the NDC period;

9 **noted** that determined implementation of ERP1 in the immediate term is crucial for making progress towards the NDC;

10 **agreed** that where ERP1 implementation is not on track, as determined by the Climate Change Chief Executive Board's six-monthly report, agencies will respond urgently;

11 **agreed** that the development of ERP2 should include a process to identify, develop and assess significant new proposals that could support over-achievement of the second emissions budget, noting that any over-achievement would help to further close the gap with the NDC;

12 **noted** that further investigation and assessment of options is required before Cabinet can decide whether delivering domestic reductions in excess of current budgets is desirable and possible;

13 **agreed** that, in line with the proposed NDC strategy principles, the assessment of these proposals should include consideration of how well a proposal aligns with New Zealand's national priorities and best overall interests, including economic and fiscal responsibility and the ability to create future opportunities and benefits for New Zealand;

14 **noted** that developing new proposals for ERP2 does not commit the government to any particular action, and that further Cabinet consideration and decisions will be required;

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s 9(2)(f)(iv)

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s 9(2)(f)(iv)

17

s 9(2)(j)

18 **noted** that at the time of updating the NDC in 2021, Cabinet noted cost estimates for the required offshore mitigation were in the range of \$7.5 to \$13.2 billion by 2030 for an NDC of a 49 percent reduction [CAB-21-MIN-0434];

19 **noted** that the cost of using offshore mitigation has been estimated by Climate Change Economic and Fiscal Assessment analysis to range between \$3-24 billion by 2030;

20 **noted** that the total fiscal cost of achieving the first NDC will depend on the costs of international emissions reductions, as well as the direct and indirect fiscal costs of accelerating New Zealand's domestic transition;

- 21 **noted** that the proposed NDC strategy has the potential to shift away from international cooperation as more domestic action is developed and implemented, and as low-carbon technologies become more affordable, attractive and accessible;
- 22 **agreed** to the adaptive approach provided by the ‘Dynamic Pathway’ for monitoring, assessing and adjusting the balance of domestic and international mitigation at key decision points;
- 23 **agreed** that the NDC strategy document, attached to the paper under CAB-23-SUB-0283, be used to support officials and Ministers in policy design and decision-making relevant to meeting the NDC;
- 24 **agreed** to progress policy work to determine institutional arrangements needed for the wider NDC strategy in consideration of existing infrastructure, including the Climate Change Chief Executives Board;
- 25 **agreed** to progress policy work to determine the funding arrangements for the NDC strategy, ^{s 9(2)(f)(iv)} [REDACTED]
- 26 **noted** that the Minister of Climate Change is progressing further analysis on methodologies and time frames to expand NDC accounting to include non-forest land use categories, and intends to bring a paper back to Cabinet seeking decisions on this work by mid-2024;
- 27 **agreed in principle**, subject to more detailed advice on accounting implications, that:
- 27.1 New Zealand’s NDC target cover all different types of land, and that the government work towards including non-forest land use and management interventions by 2030;
- 27.2 non-forest abatement be encouraged in climate policy in advance of its eventual inclusion into New Zealand’s NDC;
- 28 **agreed** that, prior to final Cabinet confirmation of the in-principle proposal in paragraph 27 above and as part of more detailed advice on accounting implications, the Ministry for the Environment, the Ministry for Primary Industries and the Treasury will provide further advice to the Minister of Climate Change, the Minister of Agriculture and the Minister of Finance on any potential future fiscal implications.

Diana Hawker
Acting Secretary of the Cabinet