

Restricted

Office of the Minister for Climate Change

Chair, Cabinet

Process to update New Zealand's Nationally Determined Contribution under the Paris Agreement

Proposal

1. Parties to the Paris Agreement have committed to communicate or update their Nationally Determined Contributions (NDCs) to be submitted by February/March 2020, i.e. 9 to 12 months ahead of the relevant Conference of the Parties (COP26) this November. In 2016, New Zealand ratified the Paris Agreement and we submitted our NDC which covers a ten year period from 1 January 2021.
2. I propose that we do not submit an update to our NDC at this time. I have requested advice from the Climate Change Commission (the Commission) on whether New Zealand's NDC is compatible with the global temperature goal of 1.5°C, and whether our headline target would need to change. I propose that we do not submit an update prior to receiving advice from the Commission. I expect to receive this advice in February 2021.
3. I seek Cabinet's approval to authorise the Minister for Climate Change to make a submission to the UNFCCC advising of the request that the Commission provide advice on the compatibility of the NDC with the global temperature goal of 1.5°C.

4. § 9(2)(g)(i)



§ 9(2)(g)(i), I now propose a different approach as the context has changed

5. § 6(b)



Executive summary

6. Cumulatively, existing NDCs do not represent sufficient ambition to limit warming to 1.5°C and there is a clear need for greater global action on climate change. Parties to the Paris Agreement, including New Zealand, have committed to communicate or update their NDCs by 2020. The Paris Framework also provides that Parties should submit NDCs 9-12 months in advance of the relevant UNFCCC meeting (i.e., that submission of the NDC should occur by February/March this year).
7. The overarching objectives § 6(a) are threefold; to respond to our international obligation to communicate our updated NDC to the UNFCCC by March 2020; to encourage global action on climate change; and, to explain our NDC to stakeholders.

8. To ensure New Zealand seeks the highest possible ambition in its NDC, and aligns with the global temperature goal that we have committed to under the Paris Agreement, I have requested the Commission provide advice and recommendations to the Government on whether the NDC should change to bring it in line with the global 1.5°C temperature goal and, if so, how. Following the Commission's advice, it may be appropriate for the NDC target to be revisited. I expect to receive this advice by 1 February 2021.

9. s 6(b)

s 6(b) Discussions with other Parties and the incoming COP Presidency also indicate that many other countries are not planning to apply the 9-12 month lead-in time.

10. Instead, I propose that New Zealand makes a submission on the UNFCCC NDC Portal advising that the Commission will assess the compatibility of the existing NDC with the global 1.5°C temperature goal later in 2020. This will underscore our intention that our NDC represents the highest possible ambition for New Zealand in light of our commitment to the global temperature goal of 1.5°C. s 6(a)

11. I had originally planned on revisiting the NDC's ambition in 2019, but deferred due to delays to the Zero Carbon Act which consequently delayed the establishment of the Commission.

12. There is a high likelihood that not changing New Zealand's NDC may be received negatively by some countries and commentators. We seek to minimise this risk by highlighting our commitment to global action to limit warming to 1.5°C and the request to the Commission.

13. Although we have chosen not to update our NDC at this point, under the Paris Agreement, New Zealand is able to amend its NDC at any stage. We are not limited in opportunities to revise our target, only on the nature of the revision as we need to demonstrate progression and increased ambition over time. This is set out in Article 4(11) of the Paris Agreement, which states that a Party may at any time adjust its existing nationally determined contribution with a view to enhancing its level of ambition.

14. In 2017, Tokelau asked New Zealand to extend its territorial application of both the UNFCCC and Paris Agreement to Tokelau. Since New Zealand's ratification of the UNFCCC and Paris Agreement has been extended to include Tokelau, New Zealand's reporting now includes Tokelau. Officials are communicating with Tokelau about the proposed approach and how to include Tokelau's climate contribution as part of any update to New Zealand's NDC in the future.

Background

New Zealand is committed to ambitious climate action and the Paris Agreement

15. The Paris Agreement was designed to ensure that all countries, no matter how big or small, contribute to keeping average global temperature increase to well below 2°C above pre-industrial levels, and pursuing efforts to limit the temperature increase to 1.5°C.

16. NDCs represent each country's contribution to these global temperature limits. NDCs are required to show a country's highest level of ambition to reduce global emissions, a progression on previous efforts, and to be more ambitious over time.

17. New Zealand's existing NDC, submitted in 2016 and covering the period 2021-2030, represents our international contribution to mitigating climate change. The headline target is to reduce emissions to 30 per cent below 2005 levels by 2030. New Zealand's projected total emissions across the period 2021-2030 are 783 Mt CO₂-e, with an expected emissions budget of 601 Mt CO₂-e. Accordingly, the estimated abatement needed over that ten year period is 182 Mt CO₂-e.
18. New Zealand's NDC is a "responsibility target", meaning that the target could be met through a combination of domestic emissions reductions, emissions removals (e.g. from forestry and other land use), and access to international carbon markets. We do not need to make decisions on how we will meet our NDC at this stage.
19. To inform any future increase in the headline target of the NDC, I have requested the Commission provide advice and recommendations to the Government on whether the NDC should change to bring it in line with the global 1.5°C temperature goal and, if so, how. It may be appropriate for our NDC to be updated following the Commission's advice.

The need for increased global ambition

20. The Paris Agreement remains the most important forum for addressing climate change. It has near universal membership and continues to attract significant public and media interest. With the Paris "rulebook" largely finalised over the past two years, attention is increasingly focusing on the Agreement's implementation. Many countries, including New Zealand, have made efforts to implement the Paris Agreement by putting in place comprehensive domestic policies and measures and long-term climate goals.
21. Despite this, 2020 will be an important test for the Paris Agreement as current NDCs do not cumulatively represent sufficient action to limit warming to 1.5°C¹ and there is mounting evidence that urgent action is needed to significantly reduce global emissions before 2030 in order to meet the 1.5°C goal.²
22. New Zealand actively works to address the "global ambition gap". The 2018 Talanoa Dialogue sought to influence countries to increase their ambition when updating their NDCs. New Zealand acknowledged the significant gap between current global emissions and the 1.5°C scenario, endorsing the Talanoa Call to Action at COP24. The United Nations Secretary-General's (UNSG) Climate Action Summit 2019 also pushed for increased action and ambition of NDCs. New Zealand played a significant role through co-leading the Summit's Nature Based Solutions pillar with China, encouraging countries to "unlock the full potential of nature in climate action."
23. Calls for increased ambition featured last year at COP25 in Madrid³ and I expect global ambition and Parties' updated NDCs to be in the spotlight at COP26 in Glasgow in November 2020. The European Union (EU) has announced that it will increase its NDC from a 40 per cent to a 55 per cent reduction from 1990 levels by 2030. Similarly, Norway has recently announced that they will increase their NDC from a 40 per cent to a 50-55 per cent reduction by 2030.^{s 6(b)}

¹ This has been illustrated in a number of reports, including the recent UNEP Emissions Gap Report 2019 which found that countries would need to increase their 2030 climate plans more than fivefold to limit global temperature rise to the 1.5°C goal of the Paris Agreement.

² The IPCC Special Report on 1.5°C found that in pathways limiting global warming to 1.5°C, global net human-caused emissions of carbon dioxide fall by about 45 per cent from 2010 levels by 2030, reaching 'net zero' around 2050. This means that any remaining emissions would need to be balanced by removing CO₂ from the atmosphere.

³ Global ambition featured in the COP's outcome the *Chile Madrid Time for Action* (Decision 1/CP.25 and 1/CMA.2).

24. s 6(b) To further encourage steps towards increased global ambition, New Zealand should demonstrate serious intent to achieving its highest possible ambition. We aim to do this through the request to the Commission for independent advice before we decide on whether, and if so, how to update our NDC.

25. s 6(b)

26. If we do not communicate an update to the NDC in March 2020, as committed to under the Paris Agreement, we run the risk of being perceived to not be contributing to global action on climate change, and ignoring our previous commitment to update. It is expected making a submission to the NDC portal on the UNFCCC website advising of the Commission process will help manage negative perceptions.

27. s 6(b)

28. This change in the balance of risks has changed the context and I therefore propose that we do not submit an update to our NDC prior to receiving advice from the Commission.

Analysis

Approach to not updating New Zealand's NDC

29. Momentum surrounding the increase in climate ambition is important. New Zealand does not want to contribute to a perceived lack of action from progressive nations, nor stymie momentum for increased ambition from other countries who have not yet communicated or updated their NDCs in the lead up to COP26 in November.

30. To best achieve our objective of encouraging global action on climate change, my proposal is that New Zealand not update its NDC in March 2020, as previously planned, and request advice from the Commission.

31. The proposed approach of relying on advice from the Commission before changing any headline number of our NDC was guided by the following principles:

- New Zealand's commitment to limiting global temperature rise to 1.5°C (rather than 2°C);
- Any contribution from New Zealand should add to global momentum on climate action and encourage increased ambition from other nations;
- New Zealand should seek its highest ambition in its NDC update, and this is best informed by advice from the Climate Change Commission;

Proposed NDC approach

32. I seek Cabinet's agreement to not update our NDC in March 2020, and to communicate to the UNFCCC that the Commission will be providing independent advice on the compatibility of our NDC with the global temperature goal of 1.5 degrees in early 2021.

33. While New Zealand was committed to applying the 9-12 month lead-in period and updating our NDC in March 2020, it is now clear other Parties are not intending to apply this 9-12 month lead in period. Officials consider the risk associated with not applying this lead-in period to be low. I consider our objectives are best achieved now by deferring any substantive update of our NDC until after the Climate Change Commission has provided its advice. In order to meet the commitment to communicate or update by 2020 technically, I propose that New Zealand makes a submission to the UNFCCC communicating our intended process, § 6(a)
34. Parties to the Paris Agreement can update their NDCs at any time as long as the ambition doesn't decrease.

Consultation

35. This paper was prepared by the Ministry for the Environment, with input from the Ministry of Foreign Affairs and Trade.
36. The Treasury, the Ministry for Primary Industries, Te Arawhiti, the Department of the Prime Minister and Cabinet, Te Puni Kōkiri, and the Ministry of Business, Innovation and Employment have been informed.
37. The Commission will be engaging with public, iwi/hapū/Māori, industry, technical experts, special interest groups, sector lead groups and other interested parties on the NDC later in 2020.

Financial implications

38. There are no financial implications from the proposals in this paper.

Legislative implications

39. There are no legislative implications from this paper.

Regulatory impact analysis

40. The RIA requirements do not apply as there are no regulatory implications from this paper.

Climate implications of policy assessment

41. The Ministry for the Environment confirms that the CIPA requirements do not apply to this proposal.

Gender implications

42. There are no gender implications arising from this paper.

Disability perspective

43. There are no disability implications arising from this paper.

Treaty of Waitangi

44. I understand the issue of climate change and its effects is highly relevant to Māori. In our domestic setting this is being addressed, *inter alia*, through the Zero Carbon Act and the development of New Zealand's first climate change risk assessment. Climate change and its effects will have an impact on all New Zealanders, however, in relation to Article II

interests, Māori will likely be impacted in the exercise of their customs and culture in relation to the local environment.

45. MfE is working with Māori to co-design a process that seeks to ensure climate-related policy, and mitigation and adaptation strategies, adequately support climate resilience and the particular needs of Māori in local communities throughout Aotearoa New Zealand. An Interim Establishment Committee is now being formed to engage widely and inclusively with iwi/Māori on the proposed process, and to oversee its establishment phase.

Publicity

46. As earlier noted, there is a high likelihood that not updating New Zealand's NDC ^{s 6(a)} will be criticised by commentators in New Zealand and overseas.
47. To negate this risk and to communicate our strong commitment to addressing climate change, the Commission will provide independent advice to the Government on whether the NDC is compatible with the global 1.5°C temperature goal. If advice concludes that it is not compatible, the Commission will provide the Government with recommendations on how the NDC might be aligned with the global temperature goal.
48. There will be a chance for the public to have their say on the compatibility of the existing NDC with the global temperature goal in late 2020, as part of the Commission's stakeholder engagement.

Proactive Release

49. I propose to proactively release this paper on the Ministry for the Environment's website in whole, subject to redactions as appropriate equivalent to those under the Official Information Act 1982, once public announcements have been made.

Recommendations

The Minister for Climate Change recommends that Cabinet:

1. **Note** the need for enhanced global action on climate change to limit warming to no more than 1.5°C above pre-industrial levels;
2. **Note** that New Zealand's current NDC is to reduce emissions to 30 per cent below 2005 levels by 2030, managed using an emissions budget approach across the period 2021-2030;
3. **Note** that the Minister for Climate Change has requested the Climate Change Commission to provide advice and recommendations to the Government on whether the NDC should change to bring it in line with the global 1.5°C temperature goal and, if so, how;
4. s 6(a) [REDACTED]
5. **Note** that the Minister for Climate Change proposes not to provide an update of New Zealand's NDC to the Secretariat of the United Nations Framework Convention on Climate Change prior to receiving advice from the Climate Change Commission on the compatibility of the NDC with the global goal of limiting warming to 1.5°C;
6. **Agree** New Zealand will make a submission to the UNFCCC communicating the proposed Commission process s 6(a) [REDACTED]
7. **Note** that in 2017 New Zealand's application of the Paris Agreement was extended to include Tokelau and that the Government of Tokelau has indicated it would like to include Tokelau's climate contribution as part of New Zealand's NDC;
8. **Request** the Minister for Climate Change to return to Cabinet in early 2021 following receipt of the Climate Change Commission's advice on the NDC, and to inform Cabinet on whether the level of ambition of the NDC needs to be updated to be compatible with limiting global warming to 1.5°C;

Authorised for lodgement.

Hon. James Shaw

Minister for Climate Change