



Cabinet Policy Committee

POL Min (01) 7/3

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Minute of Decision

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Climate Change: A Three Stage Process for Developing and Implementing Negotiated Greenhouse Agreements with Industry

On 4 April 2001 the Cabinet Policy Committee:

1. **noted** that in July 2000 Cabinet agreed that:

“... in order to facilitate consultation, particularly in enhanced industry agreements, that emitters should be informed by officials that actions taken by emitters under any pre-2008 price measure implemented by the government will not disadvantage them for the allocation of any units for a post-2008 domestic emissions trading system (or any other post-2008 price measure)...”

[CAB (00) M 25/4C]

2. **noted** that in January 2001 Cabinet:

“agreed in principle, subject to the outcomes of formal consultation on the Government’s overall climate change policy package, that Negotiated Greenhouse Agreements form part of the pre-2008 policy package, which in total will aim to encourage firms, households and communities to reduce their greenhouse gas emissions in the period prior to 2008”...

“directed officials to report to the Committee with a recommended draft generic NGA”

[CBC Min (01) 3/4]

Three Stage Process for Negotiated Greenhouse Agreements

3. **agreed** to a three-stage process for developing negotiated greenhouse agreements (NGAs) incorporating:

- development of a generic framework (incorporating common assumptions and methodologies);
 - a heads-of-agreement stage (incorporating an intention to proceed and agree on information collection and sharing and NGA structure); and
 - final completion of the agreement with explicit targets (once the legal status of NGAs is confirmed);
4. **noted** that the stages in paragraphs 3.1 and 3.2 may proceed in parallel;

Developing a generic NGA framework

5. **noted** that the generic NGA attached to POL (01) 27 was developed by officials utilising input from earlier consultations and material subsequently provided by the Greenhouse Policy Coalition (GPC);
6. **noted** that the GPC is independently developing legislative recommendations and a draft agreement for the consideration of Ministers and officials;
7. **directed** officials from departments participating in the pre-2008 working group to consult with potential NGA participants using the draft generic agreement outlined in the attachment to POL (01) 27;
8. **directed** officials to refine the generic framework, taking into account feedback received, with as many common assumptions and methodologies as possible and to report back to the Ministerial Group on Climate Change by 31 July 2001;
9. **authorised** the Ministerial Group on Climate Change to finalise the generic framework agreement;

Heads-of-agreement NGAs

10. **noted** that heads-of-agreement are intended to provide a common understanding between Government and Industry participants on the content and process for negotiating an NGA;
11. **agreed** that the Convenor, Ministerial Group on Climate Change, in consultation with other Ministers on the Group, be delegated authority to negotiate draft heads-of-agreement with firms or collective groups of firms;
12. **invited** the Convenor, Ministerial Group on Climate Change to report back to the Cabinet Policy Committee on the proposed heads-of-agreement, prior to their signature;

Completing negotiations of NGAs

13. **noted** that the Convenor, Ministerial Group on Climate Change will be making recommendations on the timing and process for initiating negotiations for concluding NGAs, once the process identified in the heads-of-agreement has been established;

Other matters

14. **noted** that work is progressing on carbon charge impacts and revenue recycling options; and
15. **noted** that a previous reporting directive concerning public education and communication will be the subject of a separate paper shortly [CBC Min (01) 3/4].