



Ministry for the  
**Environment**  
*Manatū Mō Te Taiao*

# Briefing to the Incoming Minister for Climate Change

## CLIMATE CHANGE PORTFOLIO



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# Summary

1. Climate change is caused by greenhouse gases (mainly carbon dioxide, methane and nitrous oxide) building up in the atmosphere and trapping more of the sun's heat. With the rise in greenhouse gases internationally, the frequency of extreme events such as flooding and droughts, and global average temperatures, are projected to increase. This poses risks to the environment, prosperity and way of life of all countries. New Zealand has a strong national interest in an effective global solution to this global problem.
2. As Minister for Climate Change, you are responsible for leading the development and implementation of New Zealand's domestic policies and international engagement on climate change, supported by the Ministry for the Environment and the Ministry of Foreign Affairs and Trade (MFAT). This briefing focuses on domestic issues, as you will receive a separate briefing from MFAT on your international role.
3. There is increased momentum internationally to respond to climate change following the entry into force of the Paris Agreement in November 2016. The Paris Agreement commits all countries to take action on climate change, to adapt to its effects, and to redirect global financial flows towards a low-emissions development pathway. It establishes a goal of reaching net zero emissions in the second half of the century, to keep temperature increases within a 2°C limit.
4. New Zealand has adopted a target of reducing emissions to 30 per cent below 2005 levels by 2030 as its first nationally determined contribution under the Paris Agreement. As a developed country New Zealand is expected to lead by continuing to undertake economy-wide absolute emission reduction targets.
5. Government cannot deliver a low emissions economy and climate-resilient future alone. Domestically, there is a growing awareness and willingness among businesses, communities and iwi/Māori to work with government to tackle climate change.
6. There is a window of opportunity to prepare New Zealand for delivering on the Paris Agreement and the 2030 Paris target. The Ministry considers to do this, the following need to be addressed as domestic policy priorities:
  - Setting a clear direction for New Zealand's action on climate change, by outlining a plan for meeting New Zealand's 2030 Paris target and a long-term pathway for transitioning to a low emissions economy
  - Reviewing the role of agriculture in climate change, including consideration of the full range of policy options for reducing agricultural methane and nitrous oxide emissions
  - Implementing improvements to the New Zealand Emissions Trading Scheme (NZ ETS) to make it a more effective and credible tool for incentivising emission reductions
  - Taking opportunities to improve the transparency, predictability and long-term accountability for how New Zealand sets and achieves its climate change goals
  - Taking more focused, coordinated action on climate change adaptation.<sup>1</sup>

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<sup>1</sup> Adaptation is the process of adjustment to the effects of actual or expected climate change.

# Your role and how the Ministry supports you

7. As the Minister for Climate Change you have statutory responsibilities under the Climate Change Response Act 2002, which puts into place a legal framework for New Zealand to meet its targets and other obligations under the UNFCCC, and also establishes the New Zealand Emissions Trading Scheme (NZ ETS).
8. The Ministry for the Environment (the Ministry) is your lead agency on domestic climate change policy, and is focused mainly on building a robust evidence base, developing sound policy advice for reducing emissions and adapting to climate change in New Zealand. The Ministry also contributes to international negotiations alongside MFAT.
9. Climate change is going to require action across many parts of the economy. The Ministry believes that strengthened arrangements with your colleagues, supported by institutional arrangements in the public sector, will be essential to realise domestic climate change policy opportunities. Due to the nature of New Zealand's emissions, the primary industries, transport, energy and economic development portfolios play a particularly important role.

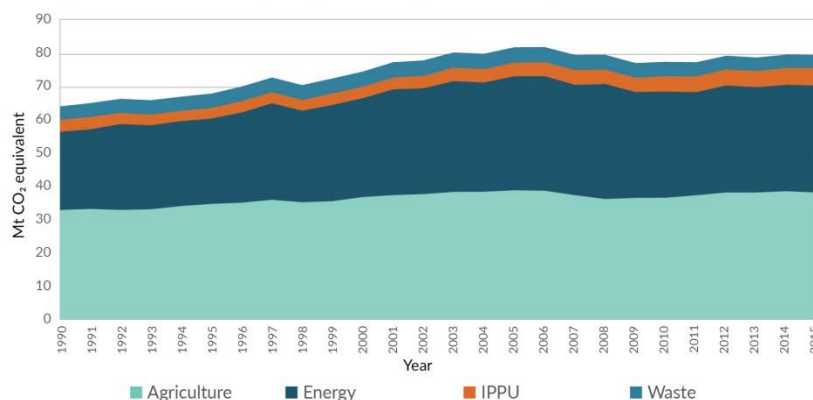
# New Zealand has a strong interest in climate change action

10. New Zealand generates less than 0.2 per cent of global emissions, but has a role to play and a strong interest in ensuring the global response to climate change is effective.
- **The sum total of small actors' emissions is significant** - countries that individually contribute less than one per cent of global emissions together make up over a quarter of global emissions
  - **The impacts of climate change in New Zealand are already evident, and greater effects are expected in the future** – New Zealand's climate has warmed by around 1°C over the last century. This has contributed to recent droughts, floods and increased risk of coastal hazards. The financial and social costs of all of these are likely to continue to increase
  - **Some large sectors of New Zealand's economy, including primary industries, are particularly vulnerable to the effects of climate change** - there are also potential risks to New Zealand's brand and reputation in international markets, given the relatively high emissions per person and relative to the size of the economy
  - **There are opportunities in transitioning New Zealand to a low-emissions economy** - reducing reliance on imported fossil fuels and reducing exposure to potentially high future carbon prices will help New Zealand manage costs and build resilience in the economy. A Productivity Commission inquiry is currently underway, due to report in mid-2018, to assess how New Zealand can maximise the opportunities and minimise the costs and risks of transitioning.
11. Climate change policy is often focused on ways to reduce emissions (mitigation). But given the changes to the climate already occurring, adapting to the effects of climate change (adaptation) deserves similar emphasis, so that New Zealand is resilient to the physical and socio-economic impacts. A concerted approach to both is required.

## New Zealand will need to take on progressively more ambitious emission reduction targets

12. New Zealand's emissions profile is unique among developed countries with about half of emissions stemming from the agricultural sector. The other key sectors are energy and transport, which combined contribute a further 40 per cent of national emissions.

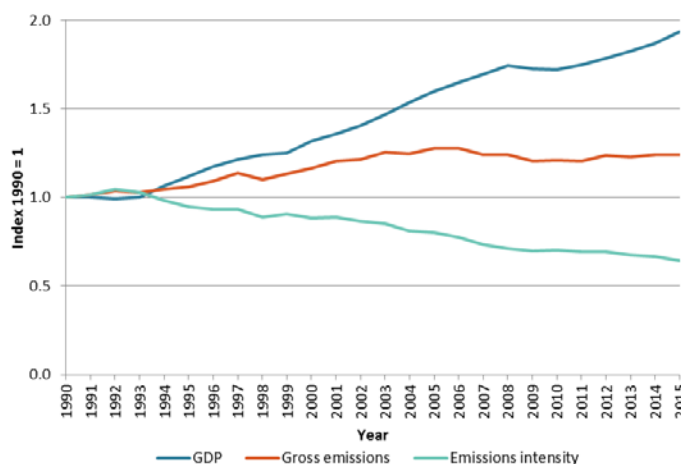
**Figure 1: Sources of New Zealand's GHG emissions by sector, 1990-2015**



Note: IPPU stands for Industrial Processes and Product Use, and the Energy sector includes emissions from transport.

13. Since 1990, New Zealand's gross emissions have increased 24 per cent, on the back of strong economic and population growth, and per person New Zealand now has the fifth highest emissions in the OECD and twentieth highest in the world. Net emissions (taking into account emissions and removals from forestry) have increased 64 per cent, due to the combined effects of increased gross emissions and higher forest harvesting rates in recent years. The economy has grown faster than emissions have increased, however, with a 36 per cent decrease in emissions intensity per unit of GDP since 1990.

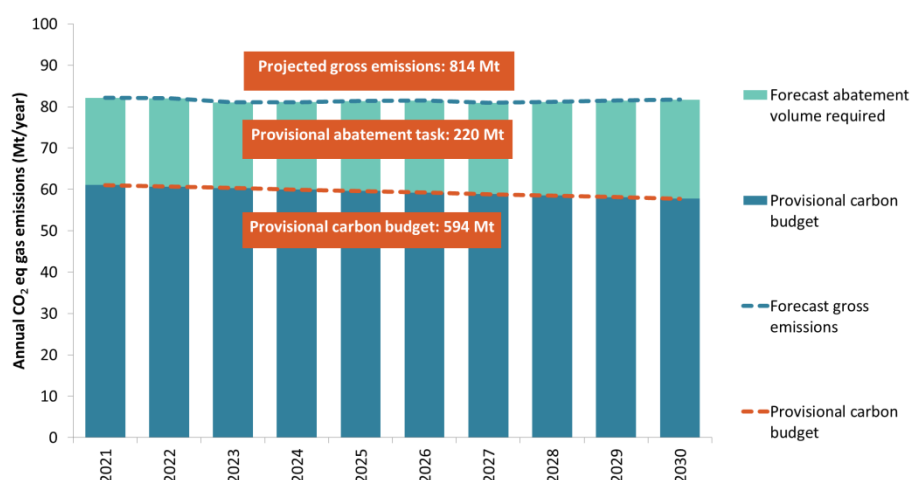
**Figure 2: New Zealand's GDP, gross emissions and emissions intensity since 1990**



14. New Zealand ratified the Paris Agreement in October 2016 and it is now in force. The Agreement requires New Zealand to take on progressively more ambitious targets as milestones on a transition to a low emissions economy. New Zealand has communicated its first target under the Agreement, to reduce emissions to 30 per cent below 2005 levels by 2030 (corresponding to approximately 11 per cent reduction on 1990 levels). New Zealand also has a target, set in 2011, to reduce emissions to 50 per cent below 1990 levels by 2050.
15. Emissions projections indicate that New Zealand will need around 220 million tonnes of abatement to meet the 2030 target (equivalent to approximately 3 years' of New

Zealand's emissions)<sup>2</sup>. The economic cost of meeting this target has been estimated at \$14 billion - \$36 billion over 2021-2030.<sup>3</sup>

**Figure 3: New Zealand's projected emissions and carbon budget for 2021-2030**



16. These targets can be met through a combination of domestic emission reductions, growing trees to remove carbon dioxide from the atmosphere, and purchasing international emission reductions. Challenges New Zealand faces in reducing emissions include a growing population, an already high level of renewable generation in the electricity sector (more than 80 per cent), and almost half of emissions coming from agriculture where there are currently few economically viable options to reduce emissions. Conversely, New Zealand's low carbon electricity and innovative pastoral agriculture sector may be of benefit in taking advantage of emerging emission reduction opportunities.

**Table 1: Types of abatement that contribute to meeting emission reduction targets**

Domestic emission reductions	Forestry	International purchasing
Reducing domestic emissions is essential if New Zealand is to become a low emissions economy. The NZ ETS is a potentially powerful tool enabling businesses to value the climate in their decisions. Further actions and measures alongside the NZ ETS will also be needed to achieve domestic reductions.	This is currently New Zealand's most important source of domestic abatement as it can deliver carbon dioxide removals at a greater scale and lower cost than other domestic actions to reduce emissions. Trees need to be planted now for New Zealand to benefit from forestry's potential to contribute to meeting the 2030 target, as it takes about five years for carbon dioxide removals to be significant. Recent new planting levels have been low.	Emission reductions benefit the atmosphere regardless of where they occur. While New Zealand must reduce emissions domestically, not all reductions need to happen in New Zealand.  To meet New Zealand's target cost-effectively, domestic reductions will need to be supplemented with forestry and high quality emission reductions from international carbon markets.

<sup>2</sup> Forecast emissions, the provisional carbon budget and the estimated abatement task are indicative only as they are based on New Zealand's GHG inventory and emission projection methodologies. These are revised on a regular basis, which may result in revisions to these numbers.

<sup>3</sup> This estimate is a modelled reduction in Real Gross National Domestic Income (RGNDI), in 2012 real dollars. RGNDI is a measure of New Zealand's total net welfare, measuring the purchasing power of New Zealanders. The modelling assumed no carbon price applied to the agricultural sector, no technological development beyond business-as-usual in any sector, and conservative forestry growth rates. Domestic policies such as the electric vehicles package and funding for agricultural research, and different prices for carbon, may mean the actual reduction in RGNDI may differ.

## The NZ ETS is a key tool for reducing emissions

17. The NZ ETS requires businesses that emit greenhouse gases to report their emissions and surrender a corresponding amount of emissions units to the Government. The demand for units creates a price on emissions that provides a financial incentive for businesses to reduce their emissions, or if this is not cost-effective, to purchase units to fund reductions elsewhere. For example, foresters can earn units for the carbon dioxide removed by their trees, and income from selling these units can encourage planting of new forests. All sectors of the New Zealand economy now have NZ ETS liabilities for their emissions, except for the agriculture sector in respect of its methane and nitrous oxide emissions.
18. The design of NZ ETS was based on the principle that decisions about how to make reductions and the cost of doing so best lie with those who are responsible for generating the emissions. This is backed up by extensive evidence that emissions trading and other market-based measures help allocate financial resources efficiently and achieve reductions at lower cost than other policies.<sup>4</sup> The devolution of costs to emitters and the greater certainty about the quantity of emission reductions delivered compared to other approaches (eg, carbon taxes) also allows the Government to manage the risk to itself and taxpayers associated with emission reductions targets.
19. While the NZ ETS should be at the heart of an efficient and cost-effective response to climate change, it may not be an appropriate response to all mitigation challenges; particularly where non-price market failures exist or emissions sources are small and dispersed. This is why it is also important to pursue other measures, as the NZ ETS alone will not drive all cost-effective or otherwise desirable emission reductions.

## Even if emission reduction targets are met, New Zealand will need to adapt to a changed climate

20. The climate is already changing, and past emissions have already locked in further change.<sup>5</sup> Adaptation is the process of adjustment to the effects of actual or expected climate change. The pace and scale at which New Zealand will need to adapt will largely be driven by the world's ability to meet the Paris Agreement goals of reducing emissions and limiting global warming.
21. Adaptation is an emerging policy area that is broader than coping with natural hazards. Impacts on the economy and society will include impacts on human health, ecosystems, oceans, water quality and availability, primary sector production, and infrastructure.
22. While central and local government are reasonably well-informed about climate change impacts, adaptation actions have generally been reactive in response to natural hazards – eg, floods, droughts, and coastal erosion.
23. New Zealand's plan for adapting to climate change needs to be more proactive, given the long-term and wide-ranging nature of climate change impact. A deliberate, planned and coordinated approach is needed where roles and responsibilities are identified and understood and we are clear on the approach to risk sharing.

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<sup>4</sup> For example, OECD (2013), *Effective Carbon Prices*, OECD Publishing, Paris.

<http://dx.doi.org/10.1787/9789264196964-en>

<sup>5</sup> It is important to note there will be gradual and cascading change as well as changes in the frequency and intensity of extreme events. Scientific evidence tells us New Zealand's average temperature has already increased by around 1°C over the last century, and recent droughts, floods and coastal hazard events involving heavy financial costs have increased in severity due to climate change attributed events.



# Key priorities

## New Zealand's transition to a low emissions economy

24. There is increasing interest in establishing a pathway for a low emissions economy, for example:
- In recent climate change policy consultations, stakeholders called for more clarity on New Zealand's pathway to a low emissions economy<sup>6</sup>
  - Local Government New Zealand recently released a climate change declaration signed by 39 mayors calling for central government to develop an ambitious plan to transition New Zealand into a low carbon economy
  - The OECD's 2017 Environmental Policy Review of New Zealand recommended New Zealand develop a strategic plan to achieve the 2030 target as well as develop a long-term vision to move towards a low-carbon, greener economy
  - The development of the GLOBENZ collaboration across party lines to produce a report on "Net Zero in New Zealand: Scenarios to achieve domestic emissions neutrality in the second half of the century" indicates some emerging political consensus that more understanding of pathways to a low emissions economy is needed.
25. It is your role to lead the development of this plan and its level of ambition, which will include choices around how much to support emissions reductions internationally through purchasing, and the various benefits that arise from reducing our emissions domestically.
26. This direction, combined with a stable NZ ETS aligned with our emission reduction goals, will give market participants and other actors in the system the signals and certainty they need for investment decisions and innovation required to achieve the outcomes.
27. To support you in making these decisions, a cross-agency unit has been established following a \$1m per year allocation in Budget 2017, to develop coordinated advice on costed and tested options for meeting the 2030 target and how New Zealand transitions to a low emissions economy.
28. Work is underway to understand the full range of domestic options, including better bottom up evidence on what the potential is for each sector to reduce emissions and at what cost. There are also early and lower-risk opportunities to consider soon such as: reducing emissions through increased uptake of electric vehicles; increasing the use of renewable energy sources in process heat; sending early and enduring signals to support afforestation.
29. An inquiry by the Productivity Commission has also been initiated to assess how New Zealand can maximise the opportunities and minimise the costs and risks of transitioning to a lower net-emissions economy, and is due to report in June 2018.

## Implementing improvements to the NZ ETS

30. Businesses need a degree of regulatory stability and predictability to have the confidence to invest in emission reductions. The NZ ETS is a well-established tool that could give this

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<sup>6</sup> This was a strong message featuring in public consultation on New Zealand's Intended Nationally Determined Contribution ahead of the Paris climate change meeting in 2015, and again during the public consultations and engagement meetings held for the NZ ETS review in 2016-2017.

investment confidence, if it sends a consistent and credible price signal reflecting the effort needed to meet emission reduction targets.

31. The recent review conducted by the Ministry found the NZ ETS it is not fit-for-purpose in light of the new circumstances created by Paris Agreement and regulatory uncertainty over its settings. Improving this policy is essential for more effective action to reduce emissions in New Zealand.
32. So that the NZ ETS can more effectively help New Zealand meet its 2030 and future targets, decisions were made in mid-2017 to:
  - introduce auctioning of units, to align the NZ ETS to New Zealand's climate change targets
  - limit participants' use of international units when the NZ ETS reopens to international carbon markets
  - develop a different price ceiling to replace the current \$25 fixed price option
  - coordinate decisions on the supply settings in the NZ ETS over a rolling five-year period.
33. These changes, when implemented, will give the Government the tools to align the supply of units with targets; to make decisions on NZ ETS settings in a more predictable and transparent way; and make the NZ ETS more similar to emissions trading schemes in other countries, so that it is more compatible for linking to other carbon markets. Together, they will enable the Government to limit the supply of units in the NZ ETS so that it reflects the 2030 target, and reduce the regulatory uncertainty that hinders the NZ ETS in driving investment in emission reductions. In particular, the rolling five-year period for setting unit supply volumes in the scheme would in effect set a carbon budget for NZ ETS-covered sectors of the economy for five years into the future.
34. The Ministry is developing advice on implementing these changes, as well as advice on a package of NZ ETS forestry improvements, the future phase-out of free allocation, improving market information and other operational and technical improvements. This work will require further consultation in 2018 and significant legislative changes so that NZ ETS improvements can be implemented before 2021, when the 2030 target period starts.
35. The improvements described above are also key to New Zealand's ability to link to well-functioning international carbon markets. New Zealand will need to supplement domestic action and forestry with emissions reductions from international carbon markets<sup>7</sup> to meet the 2030 target cost effectively. New Zealand needs to negotiate bilateral arrangements with existing markets or create new ones. Currently the most promising opportunities for access to high quality emissions reductions are from linking to established, credible emissions trading schemes. An International Carbon Markets project has been established by the Ministry and MFAT to secure New Zealand's future access to these markets.

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<sup>7</sup> Previous analysis and evidence to date suggest that domestic abatement options are relatively expensive. Depending on New Zealand's approach and international carbon prices, purchasing could be used for as much as 80 per cent of the effort for meeting the 2030 Paris target.

## Clarifying the role of agriculture in the transition to lower emissions

36. It is timely to review current policy towards agriculture and climate change. This review could consider how to reduce agricultural nitrous oxide and methane emissions and how costs for meeting New Zealand's 2030 target could be shared or managed, while supporting the sector's future competitiveness. The Ministry recommends looking at the full range of options that may be effective for achieving these objectives, including the NZ ETS.
37. Nitrous oxide and methane from agriculture constitute almost half our emissions. Improvements to the sector's productivity have reduced the emissions intensity of production, similar to trends in other sectors. Significant investments have been made in research, development and commercialisation of new technologies and practices to reduce emissions. There are, however, currently no measures in place directly aimed at reducing agricultural nitrous oxide or methane emissions.
38. Unlike the Kyoto Protocol, the Paris Agreement commits all countries to take action to reduce emissions, and to take on progressively more ambitious emissions reduction targets over time. Combined with the long-term global goal of reaching net zero emissions later this century, this increases the need for New Zealand to consider whether there are opportunities for cost-effective abatement in the agriculture sector and how to realise them. Questions are increasingly being raised domestically about the agricultural sector's role in meeting New Zealand's climate change commitments<sup>8</sup>.
39. The current approach also does not position the sector well to be able to demonstrate its contribution to reducing domestic or global emissions, should this be required through changes in market preferences, or to pursue new export opportunities. Part of the challenge for New Zealand is to develop innovative and robust policies that mutually reinforce climate change and trade/economic objectives, and minimise trade-offs between them.
40. It would be valuable to consider a range of policy options. While emissions trading schemes can be very effective instruments for devolving the cost of meeting emission reduction targets to emitters, they have some limitations and practical challenges in encouraging emission reductions in a sector like agriculture that has a large number of relatively small, dispersed sources of emissions. Other approaches may be more practical and also effective at achieving desired objectives. For example, reducing freshwater contaminants through the National Policy Statement on Freshwater Management has the potential to reduce agricultural emissions by encouraging practice changes such as reducing stock numbers, and offset emissions through planting riparian margins and afforesting erosion prone land.
41. Options the review could look at include the potential to align other policies (such as freshwater or forestry policies) with climate outcomes; education and training; implementing good management practices or farm plans; development of capability to measure GHGs at the farm-level, potentially accompanied by benchmarking and certification; further investment in research and development; land-use policy under the Resource Management Act, including national direction; as well as the potential advantages or disadvantages of including agricultural nitrous oxide and/or methane

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<sup>8</sup> In recent consultations (for example, for the NZ ETS review in 2016), a range of stakeholders expressed the view that excluding agricultural methane and nitrous oxide from NZ ETS liabilities is inequitable as it means that other sectors must bear the full cost of meeting New Zealand's emission reduction targets.

emissions in the NZ ETS, different ways of doing so and of how costs might be distributed or managed.

42. For a review to lead to successful and enduring policies, it will require significant engagement from the agricultural sector. This is supported by, for example, the conclusions of a multi-stakeholder dialogue process on how best to address agricultural emissions in New Zealand run by Motu<sup>9</sup>. This argued for building concern and capability both before and alongside implementing regulation, while also using a variety of ways to encourage short-term action, collaboration and innovation from those involved in the sector.
43. The sector is already working with the government on ways to reduce emissions, and the Ministry recommends bringing the sector along in thinking through the policy mix. This could draw on the existing Biological Emissions Reference Group (BERG), which was set up in 2016 and brings agriculture sector stakeholders together with the Government to build a more robust evidence base on agricultural nitrous oxide and methane emissions.

## **Increased focus and action on climate change adaptation**

44. To date, the Ministry's and the government's climate change efforts have mainly focused on mitigation. This now needs to expand to include more emphasis on achieving a climate-resilient future that enables communities, iwi/Māori, businesses and local government to adapt to climate change impacts.
45. A significant group of stakeholders support government action in this area. Local government entities have responsibilities under the Resource Management Act to prepare and respond to the impacts of climate change. However, local government see barriers to acting on adaptation, and seek leadership and support from central government. Other barriers include limited community buy-in, and local government resourcing constraints. Businesses are asking for greater certainty, and this momentum needs to be built on.
46. The Ministry provides information to local government on dealing with the impacts of climate change and has updated its guidance on climate change and coastal hazards providing recommendations on how to plan for future sea-level rise. There is a lot of interest in this issue and release of this document will provide local government with up-to-date information and advice.
47. There are linkages and overlaps between climate change adaptation, natural hazard management and disaster response planning; they collectively contribute to New Zealand's "resilience". For example, sea-level rise is one of the most certain consequences of climate change and is exacerbated by increased risk of severe coastal weather events. This means increased risk to property and infrastructure.
48. If New Zealand is going to be resilient to the effects of climate change, it needs to plan adaptation actions now. Increasing New Zealand's resilience will reduce the long-term economic and social impacts of climate change.
49. To improve and maintain resilience, New Zealand needs to take a long-term view of climate change impacts that recognises the needs of future generations. This includes managing the location, design and infrastructure of new land development.

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<sup>9</sup> See Motu Economic and Public Policy Research Note #13: Tackling Agricultural Emissions: Potential Leadership from a Small Country (2013). Retrieved from <http://motu.nz/assets/Documents/our-work/environment-and-resources/climate-change-mitigation/agricultural-greenhouse-gas-emissions/Motu-Note-13.pdf>



50. The Ministry is considering ways to improve the ability of the current environmental management system to respond to climate change in a more coordinated and effective way, as well as exploring options such as using regulatory levers to influence local government planning and ensure infrastructure spending by central government is climate resilient. Changes in how decisions are made about land use and investment in natural and physical infrastructure are likely to be needed.
51. One way the Government can support councils to manage current and future risks is by publishing the updated Coastal Hazards and Climate Change Guidance for Local Government. The Guidance will encourage good decision-making so that New Zealand faces fewer risks from climate change in coastal areas, in a way that is fair to residents and consistent around the country.
52. Other immediate actions that could be taken include:
- clarifying governance and responsibilities, and exploring options for risk sharing – between central, local government and the private sector
  - assessing climate change risk nationally (essential to improve the foundation for decision making)
  - developing a more coordinated approach nationally to get ahead of this issue.
53. A multi-disciplinary technical working group, set up in 2017, will advise the Government how New Zealand can adapt to the impacts of climate change while sustainably growing the economy. The group is scheduled to deliver its draft report in November 2017 and a final report in March 2018.

## **Long-term governance and accountability for climate policy**

54. Climate change is a cross-agency issue with accountability for action spread across multiple agencies. Cooperation with your Ministerial colleagues and between agencies is needed to ensure domestic responses are well-aligned.
55. The Ministry believes that there are opportunities to improve existing climate policy by focussing on several key issues:
- accountability for how government policies deliver on New Zealand's long-term climate goals, both in terms of emissions mitigation and building resilience to the effects of climate change
  - planning and predictability for how New Zealand will meet its emissions reduction targets and build resilience to the effects of climate change in the short and long-term
  - transparency in setting emissions reduction targets and carbon budgets, and in reporting on progress towards meeting targets and adaptation goals
  - alignment of action between central and local government, and the private sector.
56. The Ministry thinks that it will be necessary to strengthen institutional arrangements in the public sector to enable long-term governance and accountability. Models like the natural resources and housing and infrastructure groupings will continue to be important, but won't be sufficient to address issues like climate change, which impact so widely on the lives and livelihoods of all parts of New Zealand society.
57. One option for addressing concerns around accountability and transparency is to establish an independent Climate Commission to advise the government on climate change policy,

as recommended by the Parliamentary Commissioner for the Environment (PCE) and other stakeholders.

58. International experience indicates that preconditions for the success and longevity of mechanisms such as a Climate Commission include:
- a degree of political consensus to minimise risks of such initiatives being overturned or side-lined in future
  - a high degree of institutional capability – for example, in the UK model the credibility of the experts involved has been a key ingredient for success.
59. The Ministry's advice is that a collaborative way of working is required that partners central and local government with iwi/Māori, communities and private sector stakeholders who are invested in ensuring New Zealand maintains and improves the value of natural resources. The Ministry recommends an approach that focuses on specific issues where collective action will make the biggest difference, and where all those involved can agree specific targets and shared outcomes, and be held accountable for achieving them.

## Other material to support you

60. This document has given you a brief overview of the climate change portfolio. It is accompanied by an overarching briefing setting out the broad context for your portfolio and the Ministry's advice on initial priorities for incoming Ministers. It is also supported by specific briefings covering the environment portfolio and fresh water.
61. The Ministry looks forward to discussing this advice with you, in support of the priorities set out by you and your government.
62. In addition to portfolio-specific information, we have provided you with two cross-government briefings. These briefings are being provided to all relevant Ministers and cover the natural resources sector and the built and urban system.
63. A list of statutory responsibilities, delegations and board appointments has been prepared and is available on request.

# Over the next few months

In the coming months there are several key events or issues for your attention.

Issue or event	Lead agency	Further information
UNFCCC negotiating mandate <b>October 2017</b>	MFAT	A Cabinet paper will be provided for you to consider seeking guidance on New Zealand's position in international climate change negotiations ahead of the 23rd Conference of the Parties (known as COP23) in November.
NZ ETS operations – (1) agreement to consult on regulatory amendment (repeal), and (2) to publish Gazette notice calling for electricity related data from New Zealand Aluminium Smelters, <b>early November 2017</b>	MfE	(1) An urgent amendment to NZ ETS regulations is needed to address a policy error (allowing exporters of natural gasoline to receive emission units). The first stage is to consult those affected by the proposed change. You may wish to discuss the issue and its risks with Cabinet colleagues prior to consultation. (2) A Gazette notice of a call for electricity-related data from New Zealand Aluminium Smelters under section 161D(1)(e) of the Climate Change Response Act (2002) needs to be published by the end of November.
Package of possible Budget 2018 initiatives <b>November 2017</b>	MfE	We will provide you with a package of possible Budget 2018 initiatives by November 2017. In order to help deliver on the Paris Agreement, the following are highlighted for your attention: progress on an auctioning platform for the ETS; establishing negotiating teams to secure cost-effective supply of high quality international units; and climate change adaptation.
23rd Conference of Parties (COP23) to the UNFCCC, Bonn, Germany, <b>6-17 November 2017</b>	MFAT MfE (for international carbon markets)	Fiji will preside over this COP, which is the major annual negotiation on climate change. It includes a high-level segment in the second week (13-17 November). At this meeting you are likely to have opportunities to meet with leaders from some high integrity carbon markets to discuss the possibility of access to their markets. We need to secure options to buy from such international carbon markets if we are to supplement domestic action and meet our 2030 target cost effectively.
October Baseline Update <b>November 2017</b>	MfE	The Ministry's financial baselines are required to be updated in October to include Cabinet decisions taken since appropriations were set in July, confirmation of any in-principle expense transfers, any technical adjustments and forecasting changes. Responsible Ministers are required to confirm these updates with the Minister of Finance by 6 November 2017. We will brief you and provide a draft letter for the Minister of Finance before this deadline.
7th National Communication and 2nd Biennial Report, <b>December 2017</b>	MfE	New Zealand's National Communication is a comprehensive report on NZ's policies to address climate change and progress towards meeting our targets under the UNFCCC and the Kyoto Protocol. Its production is legislated for in the Climate Change Response Act 2002 as it fulfils one of our international reporting requirements as a Party to the UNFCCC. The biennial report is also required by the UNFCCC and will contain a subset of the information in the National Communication.
Release of Productivity Commission draft report, <b>February 2018</b>	MfE	The Productivity Commission is reviewing how New Zealand can maximise the opportunities and minimise the costs and risks of transitioning to a lower carbon economy. The Commission will publically release a draft report on the transition to a low emissions economy next year and a final report by the end of June 2018.



Issue or event	Lead agency	Further information
Biological Emissions Reference Group report on findings, <b>early 2018</b>	MfE	The Biological Emissions Reference Group is due to publicly release a final report of its findings next year. The evidence it produces could provide the necessary foundation for any changes to policy or the sector's actions to reduce biological emissions.

# Key relationships and stakeholders

Group	Role
Natural Resources Sector Iwi Leaders Group (NRS ILG)	The Ministry has a strategic relationship agreement with the NRS ILG, a grouping established by the Iwi Chairs' Forum (ICF) to engage directly with iwi, hapū and the Crown on natural resources issues including climate change.
Climate Change Adaptation Technical Working Group (CCATWG)	This group of technical experts was established to provide advice to the Minister for Climate Change on options for adapting to the effects of climate change.
Biological Emissions Reference Group (BERG)	BERG brings together agriculture sector stakeholders to collaborate with Government and build the evidence base on what can be done now to reduce biological emissions, and the costs and opportunities of doing so. It will publicly release a final report of its findings in the first half of 2018.
Climate Change Forestry Reference Group	This group consists of forestry experts. It was established to help officials test evidence, analysis and policy options to increase carbon sequestration from forestry, in particular relating to the NZ ETS.
Local authorities: councils, urban development authorities	Local government entities have a strong interest in adaptation, given their responsibilities under the Resource Management Act (1991) to prepare and respond to the impacts of climate change. They are also increasingly interested in playing a role in reducing emissions, for example, through urban planning. Some local authorities are NZ ETS participants, as landfill operators and forest owners.
Non-governmental organisations (NGOs) and academics	There are several NGOs, think tanks and academics who are actively engaged in climate change issues and play an role in informing policy and public discourse.
Major emitters	Major industrial emitters take a close interest in climate policy, particularly the impacts of the NZ ETS on their costs and operations. Some of these companies are of strategic importance to the New Zealand economy and are large regional employers.
BusinessNZ	A membership organisation that advocates on behalf of New Zealand businesses. Energy and environment is one of BusinessNZ's focus areas, and it monitors the effects of the NZ ETS. The Sustainable Business Council (SBC), a CEO-led group of companies aiming to catalyse the business community to lead on sustainability, operates out of BusinessNZ.
Parliamentary Commissioner for the Environment (PCE)	An Officer of Parliament, the PCE is independent of the government of the day and has broad powers to investigate environmental concerns. The PCE produces reports and advice on environmental issues, including climate change, which can be significant in shaping public debate.