

Weekly update - Minister for Climate Change

Finalised on 30 November for the week commencing 4 December

Date: Monday 4 December
Time: 2.10 - 3pm
Location: Office of the Minister for Climate Change

Attendees: Hon James Shaw, Minister for Climate Change
 Vicky Robertson, Secretary for the Environment
 Penny Nelson, Deputy Secretary, Environmental Performance, Innovation & Climate
 Roger Lincoln, Director, Climate Change
 Catherine Wilson, Director, Communications
 Janine Smith, Manager, Climate Change Policy
 Paul Alexander, Manager, Climate Change Policy
 s9(2)(a) Senior Policy Analyst, Climate Change Policy

Agenda	Lead	Time
1 Purpose of the meeting is to: <ul style="list-style-type: none"> - Confirm final changes on <i>100-Day Plan for Climate Change</i> Cabinet paper - Lodgement of the Cabinet Paper & key milestones 	Penny Nelson	5 minutes
2 Final changes to <i>100-Day Plan for Climate Change</i> Cabinet paper <ul style="list-style-type: none"> - Discuss any final changes you want to make (including outcome from your consultation with other Ministers) on the <i>100-Day Plan for Climate Change</i> Cabinet paper, so that we can incorporate final changes and so that the paper can be lodged with Cabinet Office before 10am on Thursday 7 December 2017 - Officials to indicate if any government agencies had any other final suggested changes to the paper 	Janine Smith	10 minutes
3 Financial recommendations <ul style="list-style-type: none"> - s9(2)(f)(iv) - s9(2)(f)(iv) 	Janine Smith s9(2)(a)	5 minutes
4 Communications and engagement for the Climate Change 100-Day Plan <ul style="list-style-type: none"> - Including engagement with Iwi and Māori 	Catherine Wilson Janine Smith	10 minutes

Actions from previous meeting

1. **Zero Carbon Act Cabinet paper:**
 - a. Ahead of your meetings with them on the Zero Carbon Act, you asked for the draft Cabinet paper to be circulated to Minister for the Environment, Minister for Transport/Minister of Housing and Urban Development, Minister of Energy and Resources
 - b. Additionally, you also asked for the most recent draft of the Cabinet paper to be circulated to the Minister for Crown/Maori Relations, Associate Minister for the Environment and Minister of Justice
 - c. You asked us to advise you of any other Ministers who we believe should see future drafts of the Cabinet paper.
2. You commissioned a options paper for funding the Zero Carbon Act, to be provided to you ahead of your meeting with the Minister for Finance (meeting time TBC) and the Minister for the Environment (30 Nov)

We provided you with a briefing for this meeting on Wednesday 29 November.

3. You noted that you are happy to receive the Climate Change Adaptation Technical Working Group report in mid-December and meet with members of CCATWG around that time.
4. You requested that the Ministry rewrite the draft OIA response we provided to your office on request 17-O-01361 for the interim CCATWG report. The redraft should release the report

Your comments have been noted and we will provide your office with further information on this OIA.

5. s9(2)(f)(iv)

Upcoming meetings

Week 4-8 December 2017

4 December	2.00pm	MfE Officials' meeting
5 December	8.30am	TBC Hon David Parker on Coastal Hazards guidance
	4.30pm	Chew session Agriculture
6 December	9.30am	Finalising Cabinet paper with MfE officials
	3.30pm	Meeting with Sir Peter Gluckman, Prime Minister's Chief Science Advisor
7 December	11.00am	Chew session on NZ ETS
8 December	9.00am	Local Government New Zealand National Council meeting

Week 11-15 December 2017

11 December	2.00pm	MfE Officials' meeting
12 December	4.00pm	Chew session on sectors (transport; energy etc)
13 December	9.30am	Cabinet Business Committee
	12.30pm	Chew session Adaptation
	4.00pm	Hon Phil Twyford on climate change and the built environment
14 December	8.00am	Climate Change Adaptation Technical Working Group
	12.30pm	New Zealand Productivity Commission
	4.30pm	Dairy NZ

Proposed meetings, which are not yet confirmed

Meeting with Hon Grant Robertson, Minister of Finance

1. Key decisions for you to make this week

- a. Lodgement of the Cabinet paper including confirmation of financial recommendations
- b. Approach to public announcement of the 100 day commitments

2. Material for you to be aware of this week

2.1. Climate finance landscape report to be published on our website in early December

We commissioned a report on the current landscape of climate finance in New Zealand in August 2017. The report was commissioned following discussions with Fonterra on their transition away from coal, and was authored by David Hall (AUT) and Sam Lindsay.

We intend to publish this report on our website in early December.

[COMMERCIAL IN-CONFIDENCE]

The report examines the landscape of climate finance in New Zealand, including the potential of using new instruments such as green or climate bonds, and the need to consider the wider enabling environment for climate finance (i.e. regulatory environment, information flows and alignment across innovation and R&D). It suggests new, more strategic and integrated approaches to climate finance in New Zealand, such as through impact investment and natural capital.

It also identifies the various instruments and funds that are currently being used domestically and in overseas markets, the current issues with defining and tracking climate finance, and the potential role of green banks in New Zealand. This may be of interest given your plan to establish the Green Investment Fund.

One example of an innovative climate finance instrument that is highlighted in the report, is a Permanent Forestry Bond (PFB). The PFB recently received a grant from Foundation North's 'Gulf Innovation Fund Together', and a business case is now being developed.

The PFB is an impact investment approach which is designed to fill a perceived funding gap for budget-constrained government entities, and to shift the environmental spending paradigm so that the New Zealand Government pays for positive environmental results rather than services. This is intended to shift the risk of a successful intervention from taxpayers to private investors, who are compensated in return for taking the risk. It also enables a means through which to access privately owned land, overcoming informational and motivational barriers to tree planting.

This report will help inform work we are undertaking with the Ministry for Primary Industries to look at potential carbon financing options that could address barriers to afforestation. We (MfE and MPI) will update you and Hon Shane Jones, Minister for Forestry as this work progresses.

2.2. NBR published an article regarding your comments to Carbon News about future carbon prices

NBR published an article on Thursday noting your recent comments made to Carbon News about future carbon prices:

"Shaw told Carbon News that he believes carbon prices need to be higher than \$25, although he noted the commission will have some say over those prices."

There is some speculation in the article that you may be intending to 'raise the \$25 cap'. It is also noted that NZ carbon prices have hit the highest levels in more than six years.

We consider these comments are taken out of context from your wider remarks about the Climate Change Commission. It is important to note, however, that any change to the \$25 fixed price option will require legislative change, as it is currently a provision of the Climate Change Response Act 2002 rather than in regulations.

s9(2)(d)



2.3. Asia Pacific Economic Cooperation (APEC) Energy Working Group 54 - Wellington

On 21 November, the Ministry for Business, Innovation and Employment hosted an Asia-Pacific Economic Cooperation (APEC) workshop focused on electric vehicles (EVs) and hydrogen technology. Keynote speaker, Tony Seba, an entrepreneur and educator focusing on clean energy, transportation and market disruption discussed how we were on the verge of a clean disruption of energy and transportation. Mr Seba explained how solar panels, battery storage, electric vehicles and autonomous vehicle technology are all exponentially decreasing in price and increasing in efficiency at the same time. For example, Mr Seba predicted developments in solar PV and battery storage will displace fossil fuel electricity generation.

Representatives from the U.S and Japan discussed developments in hydrogen technology. Hydrogen is well suited for heavy and long distance transport and it has potential to substitute fossil fuels used for process heat. However, hydrogen as a fuel source is currently three to four times the price of petrol.

Solar PV, battery storage, EVs and hydrogen technology will play an important part in global efforts to transition to a low emissions economy. We will keep you updated on future developments.

2.4. Argentina proposes a US\$25 carbon tax on its energy sector

Argentina's Treasury Minister has announced plans to introduce a new \$25/tonne carbon tax on its energy sector, targeting emissions from transport fuels, natural gas and coal, as well as the oil and shale gas industry. The tax will be introduced in a gradual manner starting in 2020 at US\$5/tonne of CO₂-equivalent, and reaching US\$25 in 2028.

The carbon tax has been announced to help facilitate a transition of Argentina's low-carbon economy and to ensure emitters face the cost of their greenhouse gas emissions. The tax will put a carbon price on coal in Argentina for the first time. It will also apply to gas produced from the world's third largest shale gas and oil reserves.

The announcement makes Argentina the fourth Latin American country to put a price on CO₂: Mexico, Colombia and Chile have introduced domestic carbon taxes in the past few years. Argentina will assume the presidency of the G20 next year, which this year (without the US), endorsed a climate action plan and declared the 2015 Paris Agreement irreversible.

2.5. Report on the functioning of the EU's emissions trading scheme

The European Commission has released its annual report on their emissions trading scheme. In its report, the European Commission reaffirms the central role that the EU ETS will play to help drive down emissions cost-effectively and indicates that it will be a major part of the EU's contribution to the implementation of the Paris agreement towards a global low-carbon transition.

The report is a useful source of public information regarding the design of the scheme and the evaluation of its effectiveness. This annual assessment enables comparisons over the years. In addition to the headline messages on the emission reductions from the EU ETS and the level of oversupply of units in the market, the report provides an overview of other elements, such as the cap on emissions, free allocation and financial compensations to limit the risk of carbon leakage, auctioning volumes and prices, the volume of international units, etc.

A reform of the EU ETS has been ongoing for two years but a tentative deal between the various EU institutions was reached in early November. We will inform you of the details of the changes to the EU ETS once the deal has been formally approved by all negotiating parties.

2.6. Climate Science Update

A new report by the Royal Society (London) examines scientific developments since the International Panel on Climate Change (IPCC) published its Fifth Assessment Report (AR5) in 2013/14. The Royal Society report is highly credible, having been prepared and reviewed by experts, but has not undergone the same degree of international review and acceptance as an IPCC report.

The report addresses thirteen questions. Two may have particular relevance for New Zealand:

How high could sea level rise because of anthropogenic climate change?

The report states that global mean sea level will likely rise by no more than a metre by 2100, but if warming is not limited, then its effects on the ocean and ice sheets could make a rise of several metres inevitable over centuries to millennia. The AR5 projections still represent current understanding, although recent suggestions that the contribution could be greater than was previously assessed need further evaluation. This is consistent with the Ministry's updated guidance on Coastal Hazards and Climate Change, which introduces four sea-level scenarios to use in conducting risk assessments. The highest scenario, intended to "stress-test" response options, is at the upper end of the "likely" range of projections.

How are methane concentrations changing and what does this mean for the climate?

The report states that after an apparent slow-down between 1999 and 2006, a period of renewed and sustained growth rate in methane concentrations has occurred since AR5. As a result, estimates of methane's contribution to climate change have increased above those in AR5. Significant debate surrounds the factors that influence these trends, and projections of future emissions will need to focus on both emissions of methane and the rate at which chemical reactions destroy it. Evidence indicates that increased emissions have been strongest from biological sources, most likely associated with tropical agriculture and tropical wetlands, but increased emissions from fossil fuels may also play a role. This information will contribute to the discussion in New Zealand on the role of agricultural emissions reductions in meeting our emissions targets and the global temperature goals. We have also recently provided you with information on a study by the NZAGRC on the contribution of global livestock emissions to warming.

3. Upcoming briefings Mon 4 December – Fri 15 December 2017

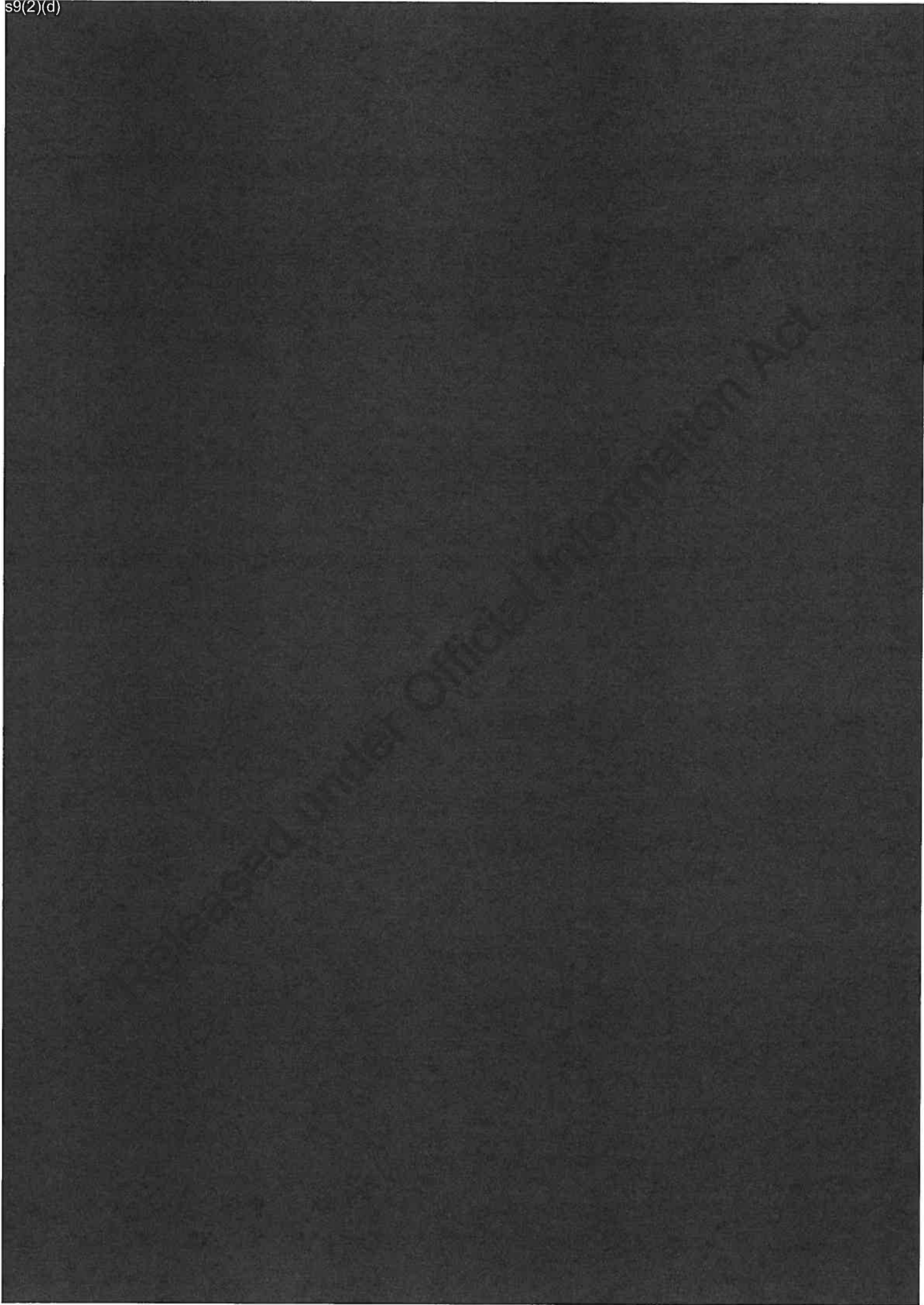
Dates	Issue or event	Lead	Further information
Due to your office on 6 December	LGNZ meeting 8 December	MfE	Meeting and speaking notes for your upcoming speaking event at LGNZ
Due in your office on 6 December For action by 10am	Briefing attaching final Cabinet paper on climate change 100-day plan	MfE	Briefing attaching final Cabinet Business Committee paper for lodgement with Cabinet office by 10am on Thursday 7 December 2017, talking points/aide-memoire for you for

[COMMERCIAL IN-CONFIDENCE]

Dates	Issue or event	Lead	Further information
Thursday 7 December			the CBC meeting, and a draft press release & Q&A
Due in your office on 6 December	s9(2)(f)(iv)	MfE	s9(2)(f)(iv)
Due to your office on 8 December	Productivity Commission meeting 14 December	MfE	Briefing and talking points for your meeting with the Productivity Commission
Due in your office on 8 December For action by 14 December	Changes to membership within the Climate Change Adaptation Technical Working Group (CCATWG)	MfE	This briefing will seek your approval of changes to membership of the Climate Change Adaptation Technical Working Group as the Group moves into the final phase of its work ahead of presenting a final report by March 2018.
Due in your office on 8 December For action by 14 December	Briefing to accompany the draft final report of the CCATWG	MfE	The CCATWG have presented their draft final report advising the Government on options for New Zealand to build resilience to the effects of climate change. This briefing provides background and context to this report and seeks decisions on next steps (targeted consultation) before the report is finalised in March 2018.
Due in your office on 8 December	Climate change and the built environment: Opportunities for action	MfE	Briefing note and talking points for Minister Shaw and Minister Twyford in advance of their scheduled meeting of 13 December to discuss opportunities across the built/urban environment and climate change.

4. Cabinet material being prepared for you

Paper name	Committee	What this paper covers	Our suggested timeframes
The 100-Day Plan for Climate Change	Cabinet Business Committee	This paper seeks agreement from Cabinet on the process for the climate change 100-Day Plan including process for establishing a Climate Commission and setting a 2050 emissions reduction goal.	<p>Wednesday 6 December 2017 – officials provide final version of Cabinet paper to your office</p> <p>Private Secretary lodges with Cabinet office by 10am</p> <p>Thursday 7 December 2017</p> <p>Minister for Climate Change attends Cabinet Business Committee Monday 18 December 2017</p>



6. Engagement

6.1. Key issues in the media and social media

- Radio NZ reported that the Sustainable Business Council has made a submission to the Productivity Commission, setting out a path to a low carbon economy, which it wants government, academics and community groups to support.
- A new report by the Royal Society ('Climate update') has examined scientific developments since the International Panel on Climate Change published its 2013 report. The new report warns that as many as one in six species faces extinction as a result of climate change. It says that the changing climate could see 350 million more people a year exposed to dangerous levels of heat, 500,000 more die from malnutrition each year and that sea levels could rise by several metres. It says that keeping warming to less than 2deg seems less likely than the previous report indicated.
- The level of distrust in science and experts is getting worse in New Zealand, the Environmental Protection Authority says. Authority chief executive Allan Freeth said there was a growing trend of science denial in New Zealand, consistent with a global distrust in authority figures and institutions. Fluoride, 1080, vaccinations, genetic modification and glyphosate were mentioned as some of the key things science deniers are opposed to.
- TV One reported on statements made by Minister Woods that the Government can't stop the world's largest seismic survey ship searching for oil in the Taranaki Basin. Greenpeace has been calling on the Prime Minister to stand by her climate-change commitments and stop oil gas and exploration off the Taranaki coast. The Prime Minister has signalled a law change could prevent future visits.
- The High Court has dismissed appeals from a residents' lobby group against the Kāpiti Coast District Council's decision to add properties to coastal hazard zones without notification.

Released under Official Information Act

7. OIA requests

7.1. Ministerial

Request	Correspondent	Reference	Due at your office/current status	Date due to send
2. Advice to Cabinet and decisions made by Ministers in respect of this policy; [Crown Conservation Contracts on any Crown land]	§9(2)(a)	17-O-01288	This was provided to the previous Minister on 3 October. We consulting on your behalf with Cabinet Office regarding the release of previous administration Cabinet papers, and have been given the go ahead to release this information. We are currently reviewing the material provided to the previous Minister and making any necessary updates, we anticipate this being with you shortly. Your office contacted §9(2)(a) on 9 November to provide him with a process update.	Overdue: 10 October
A copy of the interim report from the Climate Change Technical Advisory Group, which has been provided to the office of the Minister for Climate Change. The report is referred to in the group's terms of reference, here: http://www.mfe.govt.nz/climate-change/what-government-doing/adapting-climate-change/climate-change-adaptation-technical I understand from correspondence with the former minister's office the report had been received in May.	§9(2)(a)	17-O-01361	The letter and memo for this OIA were provided to your office on 23 November; following feedback from you we are redrafting the letter and preparing the document for release. We anticipate this being with you shortly.	4 December
What action will the Minister will take on Climate change will a temperature of at least 8.7 above the 1750 baseline https://guymcpherson.com/2016/08/the-politics-and-science-of-our-demise	§9(2)(a)	17-O-01369	This was provided to your office on the 29 November.	6 December

<p>Cabinet material captured by the following request: Please provide any discussions, emails, correspondence, memos, meeting notes, phone records, and reports relating to the timing for public release of the draft report "Coastal Hazards and Climate Change: Guidance for Local Government" 3rd edition.</p>	<p>s9(2)(a)</p>	<p>17-O-01346</p>	<p>We consulted with Cabinet Office on your behalf and are able to confirm that as the draft Cabinet papers were never provided to Cabinet we are not required to consult with the Leader of the Opposition in this instance. As this OIA sits well with the twin Departmental OIA we suggest that both OIAs are released together. Following discussions with your office we recommend that this Ministerial component is wrapped into the larger Departmental OIA. We will continue to consult with your office on this OIA.</p>	<p>11 December</p>
<p>I request a list of all reports, briefings, memos or aide memoirs that you have received since you were sworn in as Minister for Climate Change. Where information is withheld, I request you provide the title and date of the communication/document withheld, the reason for refusal and the grounds in support of that reason as required by section 19(a)(i) and (ii) of the Official Information Act.</p>	<p>s9(2)(a)</p>	<p>17-O-01498</p>	<p>This is due to your office on 11 December, however as the content overlaps with some recent WPOs we anticipate delivering it to you ahead of this deadline.</p>	<p>18 December</p>

7.2. Departmental

Request	Correspondent	Reference	Date due to send
<p>Please provide any discussions, emails, correspondence, memos, meeting notes, phone records, and reports relating to the timing for public release of the draft report "Coastal Hazards and Climate Change: Guidance for Local Government" 3rd edition.</p>	<p>s9(2)(a)</p>	<p>17-D-01291</p>	<p>11 December</p>

