

Weekly update - Minister for Climate Change

Finalised on 24 November for the week commencing 27 November

Date: Monday 27 November
Time: 2.30 – 3.30pm
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
 Janine Smith, Manager, Climate Change Policy
 Paul Alexander, Manager, Climate Change Policy
 Craig Salmon, Manager, Climate Change Policy
 s9(2)(a) Senior Analyst, Climate Change Policy

| Agenda | Lead | Time |
|---|-------------------------------|------------|
| Purpose of the meeting is to: <ul style="list-style-type: none"> - Update on where we are at in process - Discuss the revised Cabinet paper on the 100-day plan for climate change | Penny Nelson | 5 minutes |
| Follow up to Minister Parker Meeting <ul style="list-style-type: none"> - Options for approaching agricultural emissions - Written feedback on the paper and how we are incorporating it - s9(2)(f)(iv) | Roger Lincoln Janine Smith | 15 minutes |
| Revised Cabinet Business Committee Paper on the 100-Day Plan for Climate Change <ul style="list-style-type: none"> - Changes have been made to the Cabinet paper following agency feedback regarding the need to re-focus the paper on process. | Janine Smith s9(2)(a) | 15 minutes |
| Key Steps to Lodgement on 7 December <ul style="list-style-type: none"> - Meetings with other Ministers - Meeting with Prime Minister - Subject specific chew sessions with officials | Penny Nelson Janine Smith | 10 minutes |
| Adaptation <ul style="list-style-type: none"> - s9(2)(f)(iv) - Climate Change Adaptation Technical Working Group draft final report | Penny Nelson | 15 minutes |

Actions from previous meeting

1. **Organise ETS and agriculture discussions with you and officials. To be held before lodgement of the Climate Change 100 Day Plan Cabinet paper** – ETS discussion with officials scheduled for 14 December 2017. Commission and agriculture discussion also scheduled for before lodgement.
2. **You agreed that we consult with iwi leaders on the Cabinet paper** – we are working on the best way to engage with iwi leaders. We will keep you updated.
3. **You provided us with feedback on the Climate Change 100 Day Plan Cabinet paper** – we provided an updated version of the paper incorporating your feedback on Tuesday 21 November 2017.

Upcoming meetings

27 November: 5.00pm, Meeting with Hon Shane Jones, Minister of Forestry

29 November: 10.30am, Meeting Hon Damien O'Connor, Minister of Agriculture

11.30am, (TBC) Meeting with Rt Hon Jacinda Ardern, Prime Minister

30 November: 11.40am, Meeting Hon Megan Woods, Minister of Energy and Resources

6 December: 3.30pm, Meeting with Sir Peter Gluckman, Prime Minister's Chief Science Advisor

Proposed meetings, which are not yet confirmed:

Meeting with Hon Grant Robertson, Minister of Finance

Meeting with Hon Phil Twyford, Minister of Transport

Meeting with Hon David Parker, Minister for the Environment and Dr Judy Lawrence, Victoria University and Dr Rob Bell, NIWA on guidance on Coastal Hazards and Climate Change

1. Key decisions for you to make this week

1.1. Engaging with your colleagues on Climate Change 100-Day Plan Cabinet paper

We consider it is important to engage with your Ministerial colleagues ahead the taking the Climate Change 100-Day Plan paper to CBC in December. As such, we recommend that you consult with other Ministers on the contents of the Cabinet paper before Friday 1 December 2017. This enables you to provide final comments on the paper to officials by 4 December 2017 and recirculate the paper to Ministerial colleagues for information ahead of lodgement with Cabinet Office on 7 December 2017.

We recommend that you consult closely with the Minister of Finance and Minister for the Environment, as well with others including those holding portfolios of Forestry, Energy and Resources and Transport.

1.2. s9(2)(f)(iv)

[Redacted]

1.3. Sharing information across the Environment and Climate Change Portfolios

We suggest that across the Environment & Climate Change portfolios each Minister grants permission for their Weekly Updates to be circulated to the other three interested Ministers. In your specific case, this would involve sharing your Weekly Update with the Minister for Environment and the two Associate Ministers for the Environment. We believe that this will help drive a coordinated approach towards the Governments key priorities.

Additionally, we'd like to note that all budget material for the Environment & Climate Change portfolios falls within the Vote Environment, which is held by the Minister for the Environment. Therefore in many cases the Minister for the Environment will receive copies of budget material provided to you.

Do you agree to this approach? Yes/No

Would you like to discuss this further with officials? Yes/No

2. Material for you to be aware of this week

2.1. Summary of reporting from the UNFCCC 23rd Conference of the Parties (MFAT item)

With COP23 concluding last Friday, your and Minister Sio's messages about New Zealand's newly energised engagement on climate change, and desire to stand with Pacific Island Countries on climate change, s6(a)

[Redacted]

New Zealand's objective of progressing the Paris Agreement Work Programme achieved a good step forward in most areas. s9(2)(j)

[Redacted]

s9(2)(j)

s6(a)

There is an enormous year ahead of us. Political engagement on these issues was minimal at the COP, with Fiji choosing to resolve the pressure points at negotiator level. s9(2)(j)

On a practical level, we are looking at a year of additional meetings, submissions, and intense preparation for multiple rounds of negotiations. There is also a small window to make significant contributions on issues of importance to New Zealand, such as catalysing some potentially game-changing follow-up to our precision agriculture event, and to using the momentum of 2018 to push for further buy-in to fossil fuel subsidy reform. s9(2)(g)(i)

2.2. International progress on ratification of the Kigali Amendment

The Kigali Amendment to the Montreal Protocol will enter into force on 1 January 2019 as its threshold for entry into force was met on 17 November 2017. Currently, 21 Parties have ratified the Amendment, including Australia, Canada, Germany and the UK.

Under the Kigali Amendment, which was agreed in late 2016, all countries will phase down the use of hydrofluorocarbons (HFCs) by more than 80 per cent over the next 30 years. HFCs are strong greenhouse gases, and phasing down HFCs using the Montreal Protocol could prevent up to 0.5 degrees Celsius of global warming by the end of the century.

The Montreal Protocol and Kigali Amendment fall under Hon David Parker's portfolio responsibilities as the Minister for the Environment. We are currently working through the domestic process to ratify the Amendment. We have undertaken public consultation on how we would implement the phase down and are continuing to engage closely with industry on the details of implementation. Next steps include the preparation of a National Interest Analysis Paper for the parliamentary treaty examination process and the amendment of regulations under the Ozone Layer Protection Act to set up an import permitting system for New Zealand to control its phase down of HFCs. We are aiming to ratify by 01 January 2019.

The Montreal Protocol Meeting of Parties was taking place at the time of writing this report. New Zealand was represented by the Ministry for the Environment, the EPA and MFAT.

2.3. The International Energy Association releases its World Energy Outlook

The IEA has released its annual World Energy Outlook, which focuses on how global policies and investments are shaping the long-term trends on energy. Below are some of the key findings:

- Global energy demand is forecast to rise more slowly than in the past but is expected to increase by 30% between today and 2040, the equivalent of adding another China and India to today's global demand. Electricity will make up 40% of the rise in final energy consumption to 2040. To meet rising demand, China needs to add the equivalent of today's United States power system to its electricity infrastructure by 2040, and India needs to add a power system the size of today's European Union. However global emissions from the power sector are expected to be limited to a 5% increase between now and 2040.
- The report underlines the importance of renewables and energy efficiency: renewables are expected to meet 40% of all new energy demand and they will become the least-cost source of new power generation for many countries. Rapid deployment of solar photovoltaics (PV) in China and India will help solar become the largest source of low-carbon capacity by 2040. Improvements in efficiency will also play a huge role towards 2040: without them, the projected rise in final energy use would more than double.
- The IEA expects a shift in energy emission sources by 2040: natural gas will be the largest source of emissions, followed by oil, and coal. The report forecasts that transport and industry will likely be the highest source of global emissions, followed by electricity generation.
- Electricity will increasingly supply energy for heat and mobility. A strengthening of global industry initiatives and policy support pushes IEA projections for the global electric vehicle fleet up to 280 million by 2040, from 2 million today.

The IEA's annual report on energy is a useful resource to understand global trends in energy consumption and emissions. This year's report also introduces a new scenario – the Sustainable Development Scenario – that outlines an integrated approach to achieving global objectives on climate change, air quality and universal access to energy.

A focus of New Zealand's energy policy is on increasing the share of renewables in process heat and transport. The IEA projects a doubling in the direct use of renewables to provide heat and mobility worldwide by 2040.

2.4. Norway's Central Bank recommends divestment from oil and gas

Norway's \$1 trillion fund (the world's largest sovereign wealth fund in the world) is looking to divest from its oil and gas stocks, following a recommendation by the Central Bank. The bank's advice came after analysis showed that the risk of long term drop in oil poses threats to the national economy, as currently oil and gas equities account for around 6 percent and almost \$35 billion dollars. The bank has stated that this is an attempt to diversify away from the fund's historically high reliance on revenues from oil and gas. It has not been justified as a move based on a view of future oil and gas prices / sector profitability, or specifically a response to climate risk or achieving climate-related outcomes.

If the Finance Ministry approves the recommendation, the divestment will mark the second major climate-relevant step by the fund, after it began to sell off most of its coal stocks in 2016.

Commentators have noted that this move follows the fund's 2016 shift in risk management approach, which has been widened to now take 'national wealth' considerations into

account, rather than solely acting in the best interests of the fund. It has also been seen as a big move because it could prompt other funds and fund managers to reconsider how healthy oil and gas stocks will be in future.

The NZ Super Fund's approach to fossil fuel divestment has been slightly different, with a stronger focus on reducing the fund's exposure to companies with high levels of climate risk. This strategy has led to divestment away from highly carbon-intensive companies (i.e. those that are intensive energy users) and fossil fuel reserves, towards low-carbon investments that are seen as lower-risk.

The timing of this is significant as it is likely to be a much-discussed decision at the upcoming Climate Finance Summit in France, 11-12 December. It strengthens the position of Norway alongside New Zealand as countries with sovereign wealth funds leading on divestment from fossil fuels.

2.5. Announcements of strengthened cooperation between key carbon-pricing jurisdictions

In the lead-up to, and at COP23, three announcements were made of strengthening cooperation between key carbon-pricing jurisdictions.

The EU and California announced regular political and technical dialogues on the design and implementation of their carbon markets, including cooperation with others (such as China). They will also step up cooperation on zero-carbon transport.

The EU and China announced stronger bilateral cooperation on carbon markets. Once China has launched its national emissions trading scheme, these will be the two largest carbon markets globally.

Lastly, Canada, Mexico and 15 US States (largely members of the Western Climate Initiative or the Regional Greenhouse Gas Initiative) signed a declaration to jointly strengthen climate action. These jurisdictions have formed the North American Climate Leadership Dialogue which will address: carbon pricing initiatives; clean technology; clean transportation, zero emissions vehicles and vehicle efficiency; clean power; and reducing short-lived climate pollutants.

s9(2)(j)

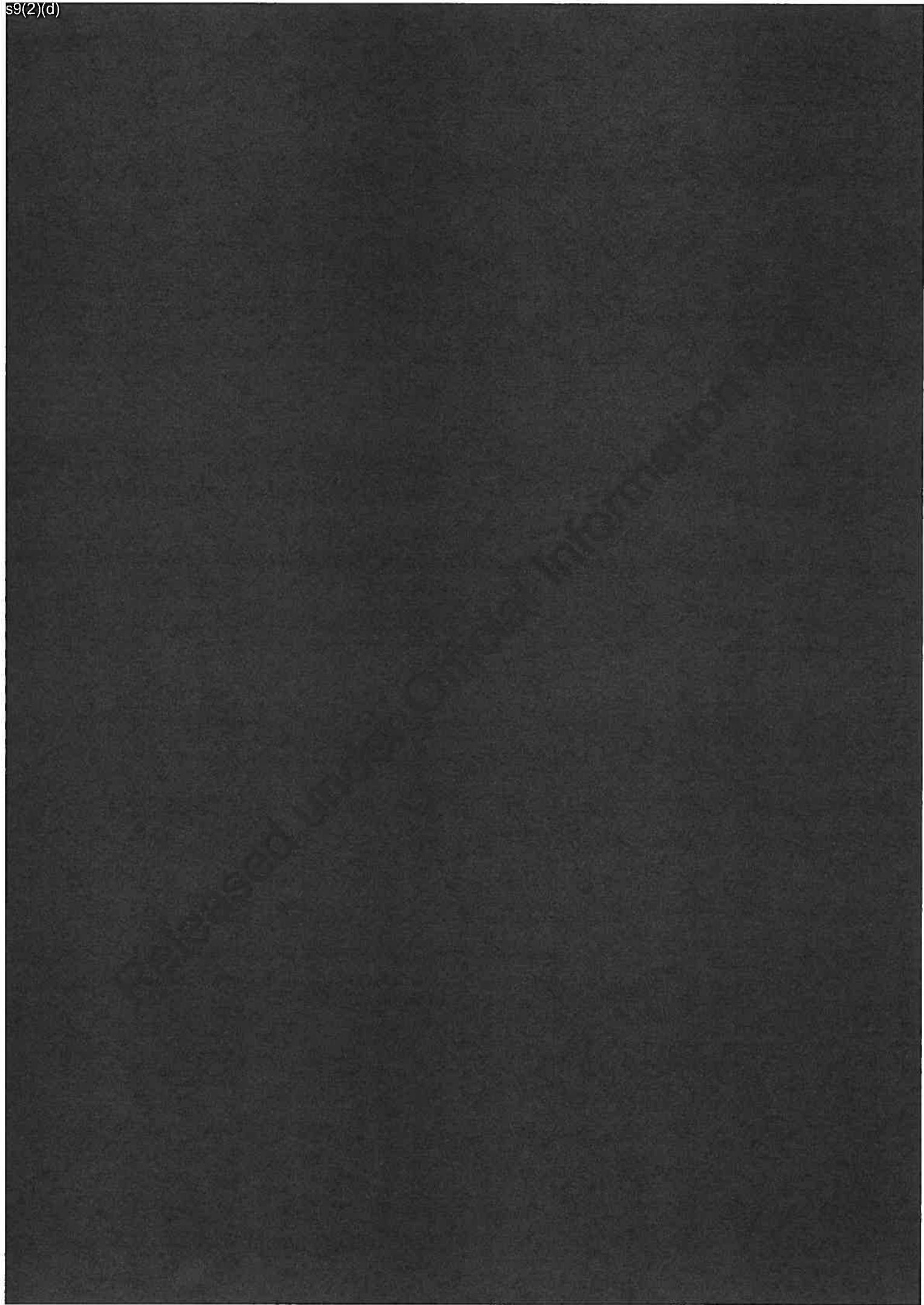


3. Upcoming briefings Mon 27 November – Fri 8 December 2017

| Dates | Issue or event | Lead | Further information |
|---|--|------|--|
| Date for delivery of briefing note and report is to be discussed | Briefing to accompany the draft final report of the Climate Change Adaptation Technical Working Group (CCATWG) | MfE | Climate Change Adaptation Technical Working Group (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 30 November For action by 4 December | Changes to membership within the Climate Change Adaptation Technical Working Group | 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 Friday 1 December 2017 | Climate Change Commission | MfE | Provides recommendations about the skillsets required and potential function of an independent Climate Change Commission. |
| Due in your office 6 December 2017 For action by 10am Thursday 7 December 2017 | Briefing with 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 the CBC meeting, and a draft press release & Q&A |

4. Cabinet material being prepared for you

| Paper name | Committee | What this paper covers | Our suggested timeframes |
|--|----------------------------|---|--|
| The 100-Day Plan for Climate Change: the Zero Carbon Bill, Climate Change Commission establishment unit, and Chief Executive Board | Cabinet Business Committee | This paper seeks agreement from Cabinet on: <ol style="list-style-type: none"> the process for introducing a Zero Carbon Bill to Parliament in 2018 the setup of a Climate Change Commission establishment unit and a new Climate Change Chief Executive Board. | Wednesday 6 December 2017 – officials provide final version of Cabinet paper to your office Private Secretary lodges with Cabinet office by 10am Thursday 7 December 2017 Minister for Climate Change attends Cabinet Business Committee Monday 18 December 2017 |



6. Engagement

6.1. Key issues in the media and social media

- There was wide coverage of the Prime Minister's comments that she wants to create a haven for climate change migrants in New Zealand.
- The NZ Herald reported on the Government's billion trees goal. The Prime Minister responded to opposition criticisms by saying the goal will be met in partnership with the private sector.

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7. OIA requests

7.1. Ministerial

| Request | Correspondent | Reference | Due at your office/current status | Date due to send |
|---|----------------------------|-------------------|--|----------------------------|
| <p>2. Advice to Cabinet and decisions made by Ministers in respect of this policy; [Crown Conservation Contracts on any Crown land]</p> | <p>§9(2)(a) [REDACTED]</p> | <p>17-O-01288</p> | <p>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 contact §9(2)(a) [REDACTED] on 9 November to provide him with a process update.</p> | <p>Overdue: 10 October</p> |
| <p>Copies of the following information for each of the ministerial portfolios you hold, including any associate portfolios if applicable:</p> <ol style="list-style-type: none"> 1. 'Briefing to the Incoming Minister' document(s). 2. Attachments, supplementary documents, and associated briefings regarding the Briefing to the Incoming Minister. 3. Notes or aide memoires prepared by yourself or your officials, including private secretaries, regarding the Briefing to the Incoming Minister. 4. Notes or minutes prepared by yourself or your officials, including private secretaries, regarding any meetings in which the Briefing to the Incoming Minister was discussed. 5. Any correspondence between yourself, or your office, and your department regarding the Briefing to the Incoming Minister. | <p>§9(2)(a) [REDACTED]</p> | <p>17-O-01427</p> | <p>Due to your office 24 November. Both SSC and the PM's office have provided guidance on responses to these requests.</p> | <p>28 November</p> |

| | | | | |
|---|-----------------|-------------------|---|--------------------|
| <p>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.</p> <p>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.</p> | <p>s9(2)(a)</p> | <p>17-O-01361</p> | <p>The letter and memo have been drafted and will be in your office by 27 November.</p> <p>This document has been requested on four previous occasions. Our advice is in line with our previous responses, which is to withhold the document in full under section 9(2)(f)(iv) of the OIA.</p> | <p>4 December</p> |
| <p>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</p> | <p>s9(2)(a)</p> | <p>17-O-01369</p> | <p>Due at your office 29 November.</p> | <p>6 December</p> |
| <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.</p> <p>As this OIA sits well with the twin Departmental OIA we suggest that both OIAs are released together. We will discuss the practicalities of this with your office.</p> | <p>11 December</p> |
| <p>I request a list of all reports, briefings, memos or aide memoires that you have received since you were sworn in as Minister for Climate Change.</p> <p>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 (j) 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> |

[Commercial in-confidence]

7.2. Departmental

| Request | Correspondent | Reference | Date due to send |
|---|---------------|------------|------------------|
| The names of companies that are emitting SF6 and recorded in the greenhouse gas inventory. | [REDACTED] | 17-D-01353 | 27 November |
| 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. | [REDACTED] | 17-D-01291 | 11 December |

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