



Briefing to the Incoming Minister for Climate Change



EXECUTIVE SUMMARY

Ngā mihi nui ki a koe

- We are a new independent Crown entity set up to provide expert, evidence-based advice to successive governments to help Aotearoa transition to a thriving, climate-resilient and low-emissions future.
- We were established by an amendment to the Climate Change Response Act 2002 (the Act) called the Climate Change Response (Zero Carbon) Amendment Act 2019 (the Zero Carbon Act).
- Our advice helps decision makers drive climate action in Aotearoa and our independence means we can provide impartial advice, challenge and hold the government of the day to account for action on climate change.
- Our work is not all things climate change – our role is focused. More information about the Commission and our work can be found in our [Statement of Intent](#).
- Climate change is already happening, and past emissions have locked in further change. The pace and scale at which we will need to adapt to this change will largely be driven by these past emissions, and the world’s ability to reduce future emissions and meet the Paris Agreement goal.
- How we respond to the changes required of us can reduce the size of the burden we need to mitigate. The more we reduce our emissions, the less of an adaptation burden there will be to pay for.
- Our advice sets out how the Government can achieve the deliverables and timeframes set out in the Zero Carbon Act.
- Our first package of advice is due to Government by 31 May 2021. It will include Aotearoa’s first three emissions budgets and guidance on the Government’s first emissions reduction plan.
- On 1 February 2021, we will publicly release a draft of our advice package for consultation, with the submission period open until 14 March 2021.

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THE COMMISSION AT A GLANCE

1. The establishment of an independent Climate Change Commission is a commitment by Aotearoa to take strong and decisive action to address climate change.
2. We are an independent Crown entity set up to provide expert, evidence-based advice to successive governments to help Aotearoa transition to a thriving, climate-resilient and low-emissions future.
3. We also monitor and review the Government's progress towards its emissions reduction and adaptation goals.
4. We were established in December 2019 by an amendment to the Climate Change Response Act 2002 (the Act) called the Climate Change Response (Zero Carbon) Amendment Act 2019 (the Zero Carbon Act).
5. Our advice sets out how the government of the day can achieve the deliverables and timeframes set out in the Act, which passed with multi-party support.
6. The Act is the product of Aotearoa's international and national commitment to addressing climate change.
7. Please refer to our [Statement of Intent](#) for further information on the Commission's role. Our Statement of Intent sets out our strategic direction for the four years ending June 2024 and details how we will carry out our functions during this period.

THE IMPORTANCE OF THE COMMISSION'S INDEPENDENCE

8. The Act specifies that the Commission "must act independently in performing its functions and duties and exercising its powers under this Act."¹ Our independence means we can provide impartial advice, challenge and hold the government of the day to account for action on climate change.
9. We make our recommendations to Government based on the best available evidence and our analysis, without the constraint of current government policy. Our work does not include all things climate change – our role is focused and our independence critical for giving the public confidence in how we fulfil this role.
10. While we are independent, we take a 'no surprises' approach in our work, and keep you informed about progress and what we are hearing through our engagement. We work with your office to ensure they know about any significant public announcements, and we also work closely with government agencies who deliver Aotearoa's climate policies. Future agenda items for discussions are detailed further on in this briefing.

¹ There are two potential exceptions to this, as Section 50 of the Act allows the Minister to direct the Commission to have regard to government policy when recommending ETS unit supply settings and when providing advice about Nationally Determined Contributions under the Paris Agreement.

BUILDING MEANINGFUL AND ENDURING RELATIONSHIPS WITH OUR TREATY PARTNERS

11. Applying a te ao Māori world view is an opportunity to make sure climate action benefits all New Zealanders including Māori.
12. We have developed a programme - *Te Mahere Whakamua*. Its goal is to help build our internal capability relating to te ao Māori and ensure it is reflected in our advice and how we engage with iwi/ Māori.
13. We are building quality relationships that help grow our knowledge, insights, and networks within te ao Māori and enable iwi/Māori to participate in our work. We follow Treaty principles in working with iwi/Māori and use the guidelines Te Arawhiti have provided for Crown engagement with Māori.
14. You can expect to see insights from our engagement with iwi/Māori integrated through our first advice package.

CONNECTION WITH HE WAKA EKA NOA

15. *The He Waka Eke Noa: Primary Sector Climate Action Partnership* was also set up by government in late 2019 to reduce primary sector emissions. It came about after work from the Interim Climate Change Committee recognised the importance of industry involvement.
16. The Commission will review the progress of He Waka Eke Noa in 2022.

HOW YOU CAN SUPPORT US

17. Engaging with and understanding the advice we give you on the climate challenge will help galvanise Aotearoa towards the best solutions for our country. You play a key role in helping your colleagues understand how their portfolios can help achieve our climate goals – your work with them will ensure policy helps deliver the changes needed.

RESOURCING THE COMMISSION

18. Our work demands a high level of capability and performance and we need support to maintain the quality, integrity and long-term sustainability of the Commission. We are currently inadequately resourced and are seeking a review.
19. The Commission's appropriation is \$9.415 million for FY 2020/21². This is funded through Vote Environment, which is administered by the Ministry for the Environment (MfE). Our appropriation is sized to cover our core work programme as set out in the Act, however it is based on several assumptions about staffing formed before the Commission was set up, and does not cover new functions assigned to the Commission from recent legislative change.

² The FY 20/21 appropriation was \$8.535m and in September 2020 Cabinet approved the Commission to bring forward \$0.880m from FY 22/23 to cover unfunded new work.

20. As a small organisation, we have little flexibility when it comes to transferring resources between work programmes. The critical nature of our advice means that we cannot afford to reduce its quality by under-funding its development.
21. To address this, we are discussing re-sizing our appropriation with the Treasury to incorporate the new permanent work and the possibility of more regular ministerial requests for new advice.

KEY CONVERSATIONS FOR AOTEAROA

22. During our engagement this year, we've heard that New Zealanders are up for the challenge of tackling climate change. We have been encouraged by the number of people who have already been thinking about what we need to do to get to 2050.
23. With our first draft package of advice due to go out for consultation on 1 February 2021, the time is right to break open conversations on the issues that will be at the forefront of our minds over the next few years.

HOW WE MEET OUR TARGETS

24. Aotearoa has a suite of options to meet its international climate change treaty obligations, including domestic reduction – our primary lever. Alternatives include purchasing international mitigation. As part of our first advice package, we will consider the role of domestic and international mitigation as part of our assessment of Aotearoa's first Nationally Determined Contribution (NDC). See below for further info on the NDC.

EMISSIONS TRADING SCHEME (ETS) SETTINGS

25. The ETS settings and uncertainty about the likely direction of travel for emissions pricing is a key factor for business. We have heard repeatedly through our engagement the need to provide clear direction on ETS settings to help businesses plan how they can transition.

WORKING TOGETHER

26. New Zealanders want to see a joined-up approach to tackling climate change. People are looking for innovation in how Aotearoa addresses climate change, as well as in how government works together and with others to drive change at the pace we need.

COVID-19: AN OPPORTUNITY TO RESET

27. The COVID-19 pandemic presents huge uncertainty, but also opportunity. The economic stimulus the Government has underway is the biggest in our lifetimes – if we can make smart investment decisions in low-emissions practices, technologies, and infrastructure, we can rebuild the economy, create jobs, and ensure people are better off both now and in the future.

28. Earlier this year, we urged the Government to apply a climate lens to the investment decisions that will underpin Aotearoa's economic recovery. It was encouraging to see announcements in [Budget 2020](#) and post-Budget that are likely to speed up the transformation needed to move our country towards a low-emissions economy. However, our concern is the Budget did not take us far enough – that more is needed.
29. We raised with you, as the Minister for Climate Change, that we would like to see climate change investment added as a chapter heading in the next Budget – alongside education, health and housing – to reflect that this is the issue and challenge of our time.
30. Aotearoa's COVID-19 recovery will continue for some time, and we need to avoid investing funds in infrastructure and schemes that will stall our action on climate change. We cannot afford to lock in emissions intensive infrastructure. Our infrastructure investment decisions need to consider both current and future impacts on the climate.

SUPPORTING BEHAVIOUR CHANGE

31. There is a lack of mandate or funding for driving sustained and real behaviour change, which could provide the backdrop for the climate action we need. This work is not in our scope, but it has become clear over recent months that people are looking to government to step into this space.
32. As a parallel, behaviour change in transport is directed by Waka Kotahi NZ Transport Agency as the operations arm of the transport system. Work with local councils recognises that different communities have different needs and will respond to programmes that reflect this.

WHAT'S COMING UP?

DELIVERY OF OUR FIRST PACKAGE OF ADVICE

PUBLIC CONSULTATION

33. On 1 February 2021 we will publicly release a draft of our advice package for consultation, with the submission period open until 14 March 2021. Note, we are required to consult formally with the public on our draft advice.
34. Our mandate is to give advice based on the best available evidence and independent analysis, informed by engagement and consultation with New Zealanders. To do our job well, our advice needs to reflect the diverse views of people around the country.
35. Between February and October 2020, we have held over 600 meetings with different sectors, stakeholders and communities to introduce us and our work. We have tested our thinking with our established Technical Reference Groups and held a series of workshops

looking at impacts and co-benefits – including behaviour change, equitable transition, equity in transport, urban form, rural communities and bioeconomy.

36. Building on the Commission’s commitment to being transparent, we will release as much information as we can in advance of consultation. This will allow interested parties to be prepared to provide submissions or further evidence they feel the Commission should consider.
37. Our advice is intended to challenge Aotearoa to make transformational change to meet our climate change goals. The next six months are critical for us and you as the Minister for Climate Change. By 31 May 2021, we must deliver to you our first package of advice.
38. The advice package includes:
 - the proposed first three emissions budgets and guidance on the first emissions reduction plan, advising the Government on how the emissions budgets could be met
 - whether Aotearoa’s first Nationally Determined Contribution is compatible with contributing to the global efforts to limit warming to 1.5°C above pre-industrial levels³.
 - advice on what potential reductions in biogenic methane might be needed in the future.
39. We will send the draft advice package to you on or before 1 February 2021 and the final on or before 31 May 2021. We are required to make our final advice public 20 working days after we provide it to you. You will have until 31 December 2021 to publish the emissions budgets and emissions reduction plan.
40. We were due to deliver our first package of advice on 1 February 2021, but the Commission was granted a four-month extension to the delivery timeframe for this first package (to 31 May 2021) because of COVID-19. The extension will ensure what we deliver is high-quality and grounded in thorough, expert analysis and engagement with stakeholders.

EMISSIONS BUDGETS

41. These are multi-year, quantified emissions limits to provide a pathway towards our 2050 target of a net-zero, low-emissions Aotearoa.
42. Each emissions budget will state the maximum amount of greenhouse gases Aotearoa can emit over a five-year period. Each budget must be met, as far as possible, through domestic emissions reductions and removals.

³ It is important to note that the phrasing of the global goal in the Climate Change Response Act differs from the objective of the Paris Agreement. The Paris Agreement objective states that countries should work towards limiting global average temperature to well below 2°C, with efforts to pursue 1.5°C.

43. The budgets include what emissions reductions might be needed in each sector. Our role is to give you independent advice for setting the budgets. When recommending the budgets, we look at what works across the economy.
44. The Act states that from December 2021, there must be one current and two prospective emissions budgets in place at any one time. This requires us to prepare and provide to you, by 31 May 2021, advice on the budgets for the period 2022 to 2035.

EMISSIONS REDUCTION PLANS

45. Each emissions budget is accompanied by an emissions reduction plan. The plan sets out recommended policies and strategies for meeting the emissions budget.
46. Our role is to advise on the policy direction required in the emissions reduction plan that will be created by the Government, looking at what's needed across different sectors. The plan takes into account new technologies and innovations that emerge, while retaining our flexibility to adapt.
47. The Government has to show how it will deliver policies to meet our long-term goals and the Commission has a role to monitor and report on the Government's progress towards meeting emissions budgets, emissions reduction plans and the 2050 target. If we don't think that policies are doing enough to meet our emissions budgets, we can hold the Government to account.

OUR NATIONALLY DETERMINED CONTRIBUTION

48. In April 2020, you asked the Commission to review Aotearoa's first Nationally Determined Contribution for the period 2021-2030.
49. The purpose of the review is to determine whether Aotearoa's NDC is compatible with the goal, agreed by Parliament last year, of limiting global warming to 1.5°C above pre-industrial levels.
50. An NDC is a statement of a country's best efforts to address climate change over a set period. Aotearoa has committed to reducing net emissions by an average of 30 percent from 2005 emissions levels, over the 2021-2030 period.
51. We understand that our advice will factor into the Government's future decisions about whether the NDC's level of ambition is adequate. If our review of Aotearoa's NDC shows change is necessary, we will make recommendations to government on how to achieve this.
52. There are questions about whether the globe can still limit warming to 1.5°C. The longer countries leave it to take action, the harder it gets and the more we will need to rely on speculative emissions removal technologies. Next year, the IPCC will release their sixth assessment report which will provide the most up-to-date science on this.

BIOGENIC METHANE

53. Alongside the NDC request, you asked for advice on the potential reductions in biogenic methane emissions which might eventually be required by Aotearoa as part of a global effort to limit the global average temperature increase to 1.5°C above pre-industrial levels.
54. This advice is intended to provide greater certainty for planning purposes about the eventual reductions in biogenic methane emissions which might be required of Aotearoa under our international obligations.

EMISSIONS TRADING SCHEME

55. In June 2020, the Climate Change Response (Emissions Trading Reform) Amendment Act (the ETR Act) passed, creating four new areas of work for the Climate Change Commission.
56. This work includes recommendations on limits and price control settings for units and increased or decreased phase out rates for industrial allocation in the ETS. The Commission is also required to provide advice on progress towards primary sector climate change commitments and a report on what level of assistance, if any, should be provided to participants in an alternative pricing system for farm level agricultural emissions.
57. No deliverables are required in 2020/21, although our advice on the emissions reduction plan will consider emissions pricing and the ETS. Scoping work on all the ETS deliverables will commence within 2020/21.

APPENDIX 1: OUR PEOPLE

We are a small team dedicated to ensuring we can pass a better Aotearoa on to future generations. We have a range of expertise, including in economics, public policy, land and resource management, Māori sector, climate science, behavioural sciences, forestry, agriculture, energy, communications and engagement. We are supported by a board of seven Commissioners, also from varying fields.

COMMISSIONERS

Dr Rod Carr – Chairperson
Lisa Tumahai – Deputy Chairperson
Professor Nicola Shadbolt
Catherine Leining
Dr Harry Clark
Professor James Renwick
Dr Judy Lawrence

SENIOR LEADERSHIP TEAM

Jo Hendy – Chief Executive
Grant Blackwell – Chief Science Advisor
Astrid Nunns – General Manager, Strategy, Planning and Engagement
Sharon Kerry – General Manager, Corporate Services and Governance

Note: The Commission holds two vacancies in the senior leadership team and will be seeking to fill these before the end of the financial year.

APPENDIX 2: LETTERS BETWEEN GOVERNMENT AND THE COMMISSION

Letter of expectations – Minister for Climate Change to Climate Change Commission, 9 December 2019 (attached)

[COVID-19 economic recovery](#) – Climate Change Commission to Minister for Climate Change, 7 April 2020

[COVID-19 Recovery \(Fast-track Consenting\) Bill](#) – Climate Change Commission to Minister for the Environment, 19 May 2020



Dr Rod Carr
Chairperson
Climate Change Commission

By email: rodmcarr@gmail.com

09 December 2019

Tēnā koe Rod,

CLIMATE CHANGE COMMISSION: LETTER OF EXPECTATIONS

Thank you for your work since 1 October as Designate Chairperson of the Climate Change Commission (Commission). Your assistance in preparing for the establishment of the Commission has been invaluable.

On 14 November 2019, the Climate Change Response (Zero Carbon) Amendment Bill (“the Bill”) was enacted. The Bill establishes the framework and architecture to enable a just transition to a low-emissions and climate-resilient New Zealand. Critically, the Bill provides for the establishment of an independent Commission to provide expert advice on mitigating and adapting to the effects of climate change, and to monitor progress.

I am writing to you upon the formal establishment of the Commission to welcome you into your role as Chairperson, and to outline my expectations for the Commission in its first 18 months of operation. Under the Crown Entities Act 2004, it is my role as the responsible Minister to oversee and manage the Crown’s interests in, and relationship with, the Commission. This includes setting performance expectations and participating in the process of setting and monitoring the entity’s strategic direction. This letter is intended to inform the Commission’s strategic planning.

The primary focus of the Commission in the period to June 2021 is to deliver advice on the first three emissions budgets and the first emissions reduction plan in accordance with sections 5ZA and 5ZH of the Climate Change Response Act 2002 (the CCRA). This must be provided to the Minister for Climate Change by 1 February 2021.

The Commission should also prepare to provide the other advice and reporting that are required at a later time under the CCRA.

Specifically, I expect the Commission to:

1. Receive the work of the Interim Climate Change Committee, and continue to develop a strong evidence base to support the Commission's functions in relation to both climate change mitigation and climate change adaptation.
2. Ensure that it has in place the people and processes to deliver high-quality reports in accordance with its statutory functions and duties.
3. Build relationships with a wide range of groups, and develop and implement a strategy for ongoing and transparent engagement with stakeholders. This could include considering the value of establishing advisory groups, for example for Māori, youth, unions or businesses.
4. Develop a memorandum of understanding that facilitates productive working relationships with relevant central government agencies (e.g. to develop climate-related capability and an accepted evidence base), while maintaining the independence of the Commission.
5. Comply with all statutory requirements. This includes preparing a Statement of Intent as soon as is practicable and by late-March 2020 at the latest. This should cover the period to 30 June 2023.

While the Commission may establish sub-committees and/or member(s) may be identified as functional leads for particular deliverables, section 49 of the Crown Entities Act 2004 requires the board to ensure that the Commission acts consistently with the objectives, functions, Statement of Intent, and Statement of Performance Expectations. Under section 50 of the Act, the board must also perform its functions efficiently and effectively, in a manner consistent with the spirit of service to the public, and in collaboration with other public entities where practicable.

In addition to the specific expectations in this letter, there are general expectations of all statutory Crown entities, which the Minister of Finance and Minister of State Services have recently updated in an enduring letter of expectations to Statutory Crown entities. I enclose a copy of that letter.

I wish you every success in setting up the Commission, and in your important contribution to New Zealand's transition to a low-emissions and climate-resilient future.

Nāku noa nā,

A handwritten signature in blue ink, appearing to read 'James Shaw', written in a cursive style.

Hon. James Shaw
Minister for Climate Change