

Terms of Reference

The Minister of Climate Change requests under s5K of the Climate Change Response Act 2002 (the Act) that the Climate Change Commission (the Commission) provides a report on New Zealand's second Nationally Determined Contribution (NDC2).

Purpose of the work

In 2021, the Government updated New Zealand's first Nationally Determined Contribution (NDC1) to 50 per cent below 2005 levels by 2030. In 2022, the Government published its first emissions reduction plan and the first three emissions budgets (2022–2025, 2026–2030, 2031–2035) as required under the Climate Change Response Act 2002 (CCRA).

Every five years, the Government will set the next NDC and tranche of emissions budgets, as stepping stones towards New Zealand's long term climate targets. In 2025, the Government is required to set New Zealand's NDC2 (2031-2035) under the Paris Agreement and to set emissions budget four (2036 – 2040) under the CCRA.

It is important that New Zealand's targets and budgets are set coherently and consistently. Careful consideration of climate change policy can change New Zealand's future for the better by creating economic growth, while avoiding the worst impacts of climate change.

When read alongside the Commission's advice on the 2050 target and emissions budgets, this advice will provide a full package of independent, expert advice on New Zealand's long-term climate goal and the international and domestic steps to take us towards that goal. This will support the Government's future decisions on NDC2 ambition.

Advice requested

The Minister requests that the Commission provide a report on New Zealand's NDC2, including:

- i. *Analysis of the implied level of emissions in the NDC2 period that are consistent with New Zealand's potential contribution to the global 1.5°C ambition under a range of burden sharing principles.*

This should build on the analysis that the Commission previously provided on the first NDC and use the modelled pathways for emissions assessed by the IPCC in the Sixth Assessment Report as its basis. It would provide the Government with a better understanding of the level of emissions implied for NDC2 under different burden sharing principles.

- ii. *Analysis of the impacts of a limited number of different domestic emissions reductions levels in the NDC2 period, consistent with achieving different and feasible emissions reduction levels in 2050.*

As part of this analysis, the Commission should assess the impacts of achieving the implied levels of NDC2 through solely domestic action.

- iii. *Comparison between the range of emissions implied for NDC2 under the range of burden sharing principles (i above), and the feasibility and impact of domestic emissions reductions achievable in the NDC2 period (ii above).*

This would provide the Government with a range for NDC2 within which it could make a decision on the relative priority it places on contributing to global efforts and the domestic economic and social impacts of achieving NDC2.

Considerations

As with all advice the Commission provides, it must consider where relevant the matters under s5M of the Act; applying judgement as it deems appropriate.

The Commission should also consider how the level of ambition for NDC2 is presented and how Government will account for progress against it. Results should be provided for NDC2 on the basis that:

- a. the NDC1 target accounting approach will continue to apply to the Land Use, Land-Use Change and Forestry (LULUCF) and a gross-net approach is applied
- b. no special rules apply to the LULUCF sector, all emissions and removals from LULUCF are accounted for as reported in the New Zealand Greenhouse Gas Inventory, and a net-net approach is applied.

Mode of work

In preparing the report, the Commission must act independently, as per s5O of the Act. The Commission may engage with relevant persons as provided for by s5N of the Act.

Relevant officials will be available to engage with the Commission and will share related information and data to inform the Commission's work.

Timeframes

The Commission's advice on these matters, in the form of a final report, is to be provided to the Minister of Climate Change by 31 December 2024.

The Commission will brief officials on its final advice after it has been provided to the Minister, but prior to the public release of the report.

Publication

s5L of the Act applies, meaning the Minister of Climate Change must present a copy of the report to the House of Representatives no less than ten working days after the Minister receives it, and the Commission must make it publicly available as soon as practicable thereafter (but no later than 20 working days after providing it to the Minister).