

14 August 2024

s9(2)(a)

Via email: s9(2)(a)

Dear s9(2)(a)

Thank you for your Official Information Act (OIA) request, received on 17 July 2024. You requested:

*"All written advice provided to Ministers from Te Waihanga on the draft second Emissions Reduction Plan, including advice on:*

- *Policies that were included in the draft plan*
- *Policies that weren't included in the draft plan, and*
- *Previous policies or work programmes from the first Emissions Reduction Plan that were stopped."*

## Information being released

Please find enclosed the following documents:

Item	Date	Document Description	Decision
1.	25 June 2024	Public consultation on the second emissions reduction plan – Cabinet paper consultation	Release in part

I have decided to release the relevant parts of the document listed above, subject to information being withheld under one or more of the following sections of the OIA, as applicable:

- Section 9(2)(a) to protect individuals' privacy;

- section 9(2)(f)(iv) to protect the confidentiality of advice tendered by Ministers of the Crown and officials; and
- section 9(2)(g)(i) to protect the free and frank expression of opinions by departments.

## Information publicly available

The following information is also covered by your request but is or will soon be publicly available. Accordingly, I have refused your request for the documents listed in the table below under section 18(d) of the Official Information Act:

- the information requested is or will soon be publicly available.

Item	Date	Document Description	Decision
1.	20 June 2024	Infrastructure weekly update for the week starting 24 June 2024	Refused
2.	4 July 2024	Infrastructure weekly update for the week starting 8 July 2024	Refused

Both of the above reports have minor incidental references to the draft second Emissions Reduction Plan and will soon be published on the New Zealand Infrastructure Commission's website here: <https://tewaihanga.govt.nz/about-us/corporate-documents-official-information/information-releases>.

Two further documents within the scope of your request are or will soon be publicly available on the Ministry for the Environment's website. As you may be aware, the Discussion Document on the second emissions reduction plan is currently available online here: <https://consult.environment.govt.nz/climate/second-emissions-reduction-plan/>. We understand the Ministry for the Environment will be proactively releasing the Cabinet paper about public consultation on the second emissions reduction plan shortly on their website here: <https://environment.govt.nz/>. Accordingly, to the extent your request is for these two documents, I am refusing it as the information is or will soon be publicly available on the Ministry for the Environment's website.

In making my decision, I have considered the public interest considerations in section 9(1) of the Official Information Act.

Please note that this letter (with your personal details removed) and the enclosed documents may be published on Te Waihanga's website.

This reply addresses the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely



Barbara Tebbs  
**General Manager, Policy**

## Public consultation on the second emissions reduction plan – Cabinet paper consultation

**Date:** 25 June 2024

**Report No:** TW-2024-437

To	Action sought	Deadline
Hon Chris Bishop, Minister for Infrastructure	Consider this aide memoire ahead of the CBC meeting on 1 July and Cabinet meeting on 8 July.	Ministerial consultation on this Cabinet paper closes today.

### Attachments

Appendix 1: Opportunities to strengthen ERP2 to support the Government's infrastructure priorities

Attachment 1: Draft Cabinet paper on the second emissions reduction plan, attaching the draft discussion document to be released for public consultation

### Contact details

Name	Role	Phone
Brigit Stephenson	Principal Advisor, Policy	s9(2)(a)
Barbara Tebbs	General Manager, Policy	s9(2)(a)

### Purpose

1. This aide memoire provides you with an overview of our feedback to the Ministry for the Environment on a draft Cabinet paper which seeks approval to release a discussion document for public consultation on the second emissions reduction plan (ERP2). This may inform your input to Ministerial consultation on this Cabinet paper, which closes today. The draft Cabinet paper and discussion document are attached.
2. The Cabinet Business Committee will consider this Cabinet paper on 1 July, ahead of Cabinet consideration on 8 July. This aide memoire also provides talking points for these meetings.

### Context for development of the second emissions reduction plan

3. The Government must publish the second emissions reduction plan by the end of this year. This plan must set out the Government's policies and strategies to meet the second emissions budget (2026-30). It also may contain policies and strategies for meeting later



emissions budgets, and that set New Zealand on a longer-term pathway to achieving the legislated goal of net zero emissions by 2050.

4. Under the Paris Agreement, New Zealand also has the target (under the 'Nationally-Determined Contribution') of reducing greenhouse gas emissions to 50 percent below gross 2005 levels by 2030. This target is more challenging than our domestic emissions budgets and New Zealand is currently substantively off track to this target.
5. The Minister of Climate Change is seeking approval to consult publicly on ERP2 between 11 July and 14 August. ERP2 is expected to generate significant public interest, including in relation to the 'sufficiency' of proposed actions in meeting New Zealand's domestic and international climate change targets and obligations.
6. Key policies proposed for inclusion in ERP2 are set out on page 15 of the draft discussion document attached. They include:
  - Electrify NZ: reduce the consenting burden and double renewable energy
  - Investigation of carbon capture and storage
  - Roll-out of 10,000 electric vehicle chargers by 2030
  - A commitment to price agriculture (responsible for about half of NZ's greenhouse gas emissions) by 2030
  - Afforestation incentives
  - Delivery of public transport projects signalled in the draft Government Policy Statement on Land Transport 2024
  - Waste minimisation initiatives.

#### Alignment of the draft ERP2 with the New Zealand Infrastructure Strategy and the Government's infrastructure priorities

7. We received the draft ERP2 discussion document for comment for the first time on Friday 21 June, so have had limited time to consider its implications through an infrastructure lens.
8. The Commission welcomes recent changes to emerging climate change policy, such as the recognition that complementary measures will be needed alongside the Emissions Trading Scheme to realise climate objectives. We see this as an opportunity to contribute to climate objectives through actions we lead on behalf of government (such as assessment of major infrastructure projects; and design of funding and financing tools).
9. However, we can see ways to strengthen the draft ERP2 to better align with the Infrastructure Strategy and the Government's infrastructure priorities through the following signals in ERP2:

### Crown investments

- Minimise greenhouse gas emissions and optimise climate resilience from major Crown-funded infrastructure projects. Opportunities include the Roads of National and Regional Significance listed in the Government Policy Statement on Land Transport 2024 – GPS; and projects funded through the Regional Infrastructure Fund
- Increase the focus on public transport and low-emissions transport modes (walking, cycling). Public transport improvements have a low priority in GPS 24 and in the draft ERP2 (which simply repeats direction in the GPS). This is a key area of diversion from the Infrastructure Strategy
- An ERP action could also require improvements to the Investment Management System or other investment decision-making tools; new standards, tools and processes to assess climate-related risks and impacts from infrastructure; and new ways to share data and information about climate-related risks and opportunities
- Ensure that city and regional deals take account of infrastructure needs in a way that minimises emissions and optimises climate resilience
- Ensure that the National Infrastructure Plan being developed by the Infrastructure Commission takes account of climate objectives in the identification and assessment of infrastructure projects
- Ensure that the new National Infrastructure Agency, s9(2)(f)(iv) [REDACTED]
- Ensure that options for optimising existing infrastructure assets (including non-built solutions such as pricing and demand management) are considered ahead of any decision to invest in new infrastructure assets

### Resource Management

- Ensure that national direction for infrastructure (such as any new national environmental standard or a new national policy statement under the RMA) includes direction that considers emissions from the infrastructure system and optimises climate resilience
- Ensure that new fast track consenting processes s9(2)(f)(iv) [REDACTED]

### Funding, financing and financial reporting

- As part of work to consider new funding and financing tools for infrastructure, consider tools that reward effective contributions to emissions reduction and climate resilience (eg, green investment funds and financing incentives)
- It appears that the government may need to purchase offshore credits to meet its climate obligations within the period of ERP2. If this is the case, this fiscal liability could be reflected in upcoming budgets to provide transparency and confidence in future investment into the infrastructure system (and other parts of the economy).



- Consider bringing forward the timeframe for pricing agricultural emissions (currently signalled to occur by 2030). Infrastructure investment is emissions intensive.<sup>1</sup> Infrastructure-related emissions are included in the ETS, and without a system for pricing agriculture, the infrastructure sector (and other energy-intensive sectors) will face higher prices as compared to a system where agriculture is carrying its share.
- To complement proposed investment in innovation and R&D, incentivise investment in new research and technologies that lead to reduced emissions and improved climate resilience as part of asset management and renewals programmes.

10. More information about alignment of the ERP2 with the Government's six infrastructure priorities is provided at Appendix 1.

11. You may consider submitting the points above as part of your Ministerial feedback on the draft Cabinet paper.

### Proposed talking points

12. You may also wish to raise the following points at CBC and Cabinet:

- The infrastructure system is energy-intensive. There are key opportunities to reduce emissions from the infrastructure system while also supporting communities to adapt to the impacts of climate change.
- Ensuring climate objectives are hard-wired into decisions about infrastructure will reduce costs to people and the economy over time.
- The Infrastructure Commission has identified a number of options to strengthen ERP2 to support the Government's infrastructure priorities. These include signals that:
  - The new National Infrastructure Plan should take account of climate objectives in the identification and assessment of infrastructure projects
  - The new National Infrastructure Agency should take account of climate objectives and impacts as part of its role s9(2)(f)(iv)
  - It will be important to minimise greenhouse gas emissions and optimise climate resilience from major Crown-funded infrastructure projects (eg, the RONS programme)
  - Options for optimising existing infrastructure assets (including non-built solutions such as pricing and demand management) should be considered ahead of any decision to invest in new infrastructure assets.

<sup>1</sup> Collectively, construction energy use, heavy duty trucks, cement production, and iron and steel accounted for 8.5% of new Zealand's emissions in 2021.

- The Commission would support a greater focus in ERP2 on public transport and low emissions transport modes, as a cost-effective way to reduce infrastructure emissions and improve communities' resilience to the impacts of climate change.
- The decision to defer pricing agriculture until 2030 will increase the costs of infrastructure. When agriculture is not priced, a greater portion of the costs of meeting emission reduction objectives falls to other energy intensive activities (such as building and maintaining infrastructure). By introducing a system for pricing agricultural emissions earlier, the government could reduce the cost of infrastructure investment relative to the status quo.



## Appendix 1: Opportunities to strengthen ERP2 to support the Government's infrastructure priorities

Government infrastructure priority	Opportunities to strengthen ERP2 to align with this priority
Develop a 30-year National Infrastructure Plan	<p>Climate change impacts will shape (and are already shaping) our infrastructure needs. We need to be planning, prioritising and investing in the right infrastructure at the right time, so that our infrastructure system can deliver the services we need, at least cost, in a climate changed world.</p> <p>The National Infrastructure Plan will help to achieve this. It will include:</p> <ul style="list-style-type: none"> <li>○ An Infrastructure Needs Assessment: an analysis of long-term infrastructure needs at a sector and regional level over the next 5-30 years.</li> <li>○ An improved National Infrastructure Pipeline: to provide a complete view of projects which are planned and being planned in New Zealand over the next ten years.</li> <li>○ An assessment of Infrastructure Priorities: a structured independent review of infrastructure proposals and problems of national importance.</li> </ul> <p>It will be important that a climate lens is applied to development of each of these aspects of the Plan. Strategic direction through ERP2 would be a useful way to reinforce the value of this work and government's expectations about the role the Plan will play in promoting climate objectives.</p> <p>The National Infrastructure Plan will inform, and be informed by, city and regional deals. It will be important to ensure that the framework for these deals takes account of climate objectives and has reference to key recommendations in the Infrastructure Strategy – such as recs 16, 20 and 22.</p>
Establish a new National Infrastructure Agency	<p>The new Agency will play a key role s9(2)(f)(iv) [REDACTED]. Major projects can enable a just transition to a low-carbon future (eg, to support the transition to renewable energy or increased uptake of public transport). They often have significant emissions impacts (both</p>

	<p>embodied and enabled). s9(2)(f)(iv) make an important contribution to reducing emissions from infrastructure.</p> <p>The Agency can also s9(2)(f)(iv) help strengthen the resilience of our infrastructure system to the impacts of climate change.</p> <p>The new agency will need expertise, tools and systems s9(2)(f)(iv) Ensuring that climate impacts are factored into this role will be important in maintaining NZ's reputation as an environmental leader on the global stage, and as an attractive place to invest.</p> <p>It would be useful for ERP2 to signal these opportunities.</p>
Develop a new consenting framework for infrastructure investment	ERP2 signals the importance of streamlined consenting in enabling new renewable energy generation. But it will also be important to realise mitigation and resilience opportunities as a key component of impact assessments for all projects. ERP2 could usefully be strengthened to support these wider opportunities.
Strengthen health and education infrastructure	<p>The government is a significant provider of health and education infrastructure. The choices it makes about how this infrastructure is planned, designed and built can make a contribution towards emissions reduction and resilience objectives.</p> <p>ERP2 can help by calling out options to improve the government's investment decision-making tools and processes.</p>
Improve infrastructure funding and financing, including more use of tools like road pricing, value capture, tolls and public-private partnerships	The Minister for Infrastructure has a programme of actions underway to improve options and uptake of infrastructure funding and financing tools. Many of these tools could play a role in driving down emissions and strengthening resilience – particularly in the context of investment in land transport projects (eg, to attract private investment in EV charging infrastructure). ERP2 could better signal the role of these tools in meeting climate objectives, and the need for climate objectives to be considered in their design.

Strengthen the resilience and asset management of critical infrastructure.	DPMC is leading a work programme s9(2)(f)(iv) to identify and strengthen the resilience of critical infrastructure. s9(2)(f)(iv), s9(2)(g)(i)
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