

Reference: 20170181

13 July 2017



Thank you for your Official Information Act request, received on 18 May 2017. You requested the following:

*“All advice provided to Ministers in 2016 and 2017 regarding the potential economic or fiscal impact of relying on purchasing from overseas carbon markets to fulfil New Zealand’s climate change obligations.*

*Where information is withheld, please 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. Where information is withheld within a document that is released, please provide an explanation of the grounds for withholding, specifically for each piece of withheld information. Please release the documents in a word-searchable format.”*

We have interpreted your request to be for Treasury advice to Ministers on the above subject.

### Information Being Released

Please find enclosed the following documents:

| Item | Date          | Document Description                                                                                             | Decision        |
|------|---------------|------------------------------------------------------------------------------------------------------------------|-----------------|
| 1.   | 4 August 2016 | EGI Briefing – Paris Agreement on Climate Change: Approval to begin the Parliamentary Treaty Examination Process | Release in part |
| 2.   | December 2016 | Notes from No. 1 The Terrace – Climate Change                                                                    | Release in part |

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

- advice still under consideration, section 9(2)(f)(iv) – to maintain the current constitutional conventions protecting the confidentiality of advice tendered by Ministers and officials
- confidential information, under section 9(2)(j) – to enable the Crown to negotiate without disadvantage or prejudice, and
- work contact details of officials, under section 9(2)(k) – to prevent the disclosure or use of official information for improper gain or improper advantage.

### Information to be Withheld

There are additional documents covered by your request that I have decided to withhold in full under the following section of the Official Information Act:

- advice still under consideration, section 9(2)(f)(iv) – to maintain the current constitutional conventions protecting the confidentiality of advice tendered by Ministers and officials.

Since this advice is still under active consideration, it is not possible for me to release the titles of these documents to you at this stage.

| Item | Date          | Title                               | Decision                    |
|------|---------------|-------------------------------------|-----------------------------|
| 3.   | 2 March 2017  | [Title withheld under s9(2)(f)(iv)] | Withhold under s9(2)(f)(iv) |
| 4.   | 14 March 2017 | [Title withheld under s9(2)(f)(iv)] | Withhold under s9(2)(f)(iv) |
| 5.   | 19 May 2017   | [Title withheld under s9(2)(f)(iv)] | Withhold under s9(2)(f)(iv) |

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 enclosed documents may be published on the Treasury website.

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

Yours sincerely

Andreas Heuser  
**Acting Manager, Natural Resources**

# Information for Release

## OIA 20170181

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|    |                                                                                                                                      |   |
|----|--------------------------------------------------------------------------------------------------------------------------------------|---|
| 1. | <a href="#"><u>EGI Briefing Paris Agreement on Climate Change Approval to Begin the Parliamentary Treaty Examination Process</u></a> | 1 |
| 2. | <a href="#"><u>Notes from No. 1 The Terrace - Climate Change</u></a>                                                                 | 3 |

IN-CONFIDENCE

**Title of paper: Paris Agreement on Climate Change: Approval to Begin the Parliamentary Treaty Examination Process**

**Responsible Person: Libby Masterton**

**First Contact Person: Kate Hodgkinson**

**Purpose**

1. This paper seeks agreement from EGI to ratify the Paris Agreement on Climate Change by:
  - a. initiating the Parliamentary treaty examination process;
  - b. confirming New Zealand's first Nationally Determined Contribution; and
  - c. delegating authority to the Minister for Climate Change Issues to deposit an instrument of ratification with the UN subject to the parliamentary process outcome and being in step with major emitters.

**Comment**

*Risk of ratifying early is manageable by working to gain access to international offsets*

2. The main risk of New Zealand ratifying the Paris Agreement this year is that we do not know what access New Zealand will have to international carbon markets after 2020. Without adequate access to markets, New Zealand is unlikely to meet its 2030 target without imposing significant costs on the economy, s9(2)(j)
3. We believe this risk is manageable by starting work early to identify and negotiate access to sources of offsets (which Cabinet has previously agreed to additional resources for, CBC-16-MIN-0004 refers). Also, New Zealand does not need to meet its target until 2030 at the earliest. s9(2)(j)

Deleted - Not Relevant to Request

IN-CONFIDENCE

**Treasury Recommendation**

1. We recommend that you **support** the proposals in this paper.

*The following table goes into the Executive Summary of the paper*

| Title                                                                                             | Pg | Recommend                   | Fiscal Implications (\$m GST excl.) |       |       |       |           | Treasury Comment                  |
|---------------------------------------------------------------------------------------------------|----|-----------------------------|-------------------------------------|-------|-------|-------|-----------|-----------------------------------|
|                                                                                                   |    |                             | 14/15                               | 15/16 | 16/17 | 18/19 | Out years |                                   |
| Paris Agreement on Climate Change: Approval to Begin the Parliamentary Treaty Examination Process |    | Support all recommendations | <i>Operating</i>                    |       |       |       |           | Deleted - Not Relevant to Request |
|                                                                                                   |    |                             |                                     |       |       |       |           |                                   |
|                                                                                                   |    |                             | <i>Capital</i>                      |       |       |       |           |                                   |
|                                                                                                   |    |                             |                                     |       |       |       |           |                                   |

RELEASED UNDER THE OFFICIAL INFORMATION ACT

**Title:** Climate change

**Contact person:** Libby Masterton s9(2)(k)

**Treasury's key messages**

- Deleted - Not Relevant to Request
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Modelling estimates the cost of meeting New Zealand's 2030 target at \$14 billion - \$37 billion between 2021 – 2030 (in 2012 prices)<sup>1</sup>.

- Options for achieving the 2030 target** - Under current policy settings, meeting our 2030 target will mean largely purchasing international carbon credits ('off-setting') rather than reducing domestic emissions. Forestry planting also has a role to play, though these emissions reductions are only temporary as harvesting releases emissions.

- Deleted - Not Relevant to Request

- s9(2)(f)(iv)

<sup>1</sup> Assuming the availability of international carbon markets and a carbon price starting at \$25 in 2021 and rising to \$50 by 2030.