

Hon James Shaw, Minister of Climate Change

Hon Peeni Henare, Minister of Forestry

Developing a Carbon Removals Strategy

21 August 2023

These documents have been proactively released.

- 27 June 2023, Cabinet Committee (ENV) Summary *Developing a Carbon Removals Strategy* ENV-23-SUB-0031, Cabinet Office
- 27 June 2023, Cabinet paper *Developing a Carbon Removals Strategy*, Office of the Minister of Climate Change and Office of the Minister of Forestry
- 27 June 2023, Cabinet Committee (ENV) Minute *Developing a Carbon Removals Strategy* ENV-23-MIN-0031, Cabinet Office

Some parts of this proactive information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act).

Where this is the case, the relevant sections of the Act that would apply are identified. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Section and reason for withholding under the Act:

Section	Section detail
9(2)(f)(iv)	To maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials
9(2)(h)	To maintain legal professional privilege.



Cabinet Environment, Energy and Climate Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Developing a Carbon Removals Strategy

Portfolio **Forestry / Climate Change**

On 27 June 2023, the Cabinet Environment, Energy and Climate Committee:

Carbon Removals Strategy

- 1 **agreed** that the Ministry for the Environment and the Ministry for Primary Industries develop a draft Carbon Removals Strategy, in consultation with the Department of Conservation and the Ministry for Business Innovation and Employment;
- 2 **noted** that the Carbon Removals Strategy will become a part of the second Emissions Reduction Plan;
- 3 **agreed** that activities within scope of the Carbon Removals Strategy will be human-induced activities that:
 - 3.1 draw CO₂ from the air or oceans, and durably store it in geological, terrestrial, or ocean reservoirs, or in products, including:
 - 3.1.1 biological processes that store carbon in biological reservoirs, such as vegetation, sediment and organic soils;
 - 3.1.2 chemical processes that capture atmospheric CO₂ and store carbon in minerals, geological formations or sediment;
 - 3.2 reduce emissions from land, especially drained organic soils;
- 4 **noted** that the above definition of removals aligns with the International Panel on Climate Change's 2002 Sixth Assessment Report;
- 5 **noted** that the draft objectives to define success are that:
 - 5.1 removals are positioned as a complement to deep, economy-wide efforts to cut gross emissions;
 - 5.2 clear goals are set for the mix and volume of removals that can contribute to New Zealand's carbon budgets and Nationally Determined Contribution;
 - 5.3 a more diverse portfolio of removals is promoted by improving investment and prioritisation of effort by government, business and communities;

- 5.4 more removal activities are brought into New Zealand's emissions measurement and accounting, with standards that are trusted as being independent, credible and scientifically robust;
- 5.5 removals achieve high quality criteria for sequestration and deliver co-benefits, including environmental, climate resilience, wellbeing and economic outcomes;
- 6 **noted** the following draft principles as values statements to guide the development of the Carbon Removals Strategy and the decisions it aims to inform:
 - 6.1 delivering on the government's domestic and international targets and commitments;
 - 6.2 working with nature;
 - 6.3 thinking long-term, to net-zero 2050 and beyond, to achieving negative emissions;
 - 6.4 empowering Māori: working in partnership and valuing a wider range of removal activities;
- 7 **noted** that the draft Carbon Removals Strategy will develop criteria to identify policy mechanisms most suited to support removals activities with different characteristics and at different stages of development;
- 8 **noted** that measuring and incentivising on-farm vegetation that sequesters carbon is a key issue in developing an agricultural emissions pricing system;
- 9 **agreed** that the Minister of Forestry, the Minister of Climate Change, and the Minister of Energy and Resources, and the Ministry for the Environment, Ministry for Primary Industries and Ministry of Business, Innovation and Employment, will act in consultation with other Ministers and agencies as appropriate, and will continue early engagement with Treaty partners during the Carbon Removals Strategy development process;
- 10 **invited** the Minister of Forestry and the Minister of Climate Change to report back to Cabinet by December 2023 with a draft Carbon Removals Strategy;
- 11 **noted** that public consultation on the draft Carbon Removals Strategy can be undertaken in early 2024, as part of the draft of the government's second Emissions Reduction Plan and emissions budget for 2026-2030;

Developing an enabling regulatory environment and providing more certainty of a pathway into markets for new carbon removal activities

- 12 **noted** that a first priority in developing an innovation pathway under the proposed Carbon Removals Strategy is to create a clear path to market entry for removals activities that are near-ready for deployment at scale;
- 13 **noted** that clear legislative and regulatory frameworks for the recognition of carbon removal activities in markets can strengthen incentives for private investment in these activities, and the science and measurement required to prove their effectiveness;
- 14 **noted** that the current legislation governing the New Zealand Emissions Trading Scheme (NZ ETS) in the Climate Change Response Act 2002 provides limited scope to recognise activities other than forestry that capture and sequester atmospheric CO₂, and lacks flexibility to develop rules and criteria for new carbon removal activities;

- 15 **agreed** in principle, subject to the paragraphs below, that a more flexible approach is desirable to enable non- forestry carbon dioxide removal activities to be recognised in the NZ ETS and other incentive mechanisms;
- 16 **invited** the Minister of Climate Change to develop options for legislative change, with supporting regulatory impact analysis, to:
- 16.1 enable a broader range of atmospheric CO₂ removal activities to be included in the NZ ETS, or other incentive mechanisms that may be developed following decisions on options currently under consideration for the future of forestry within the NZ ETS;
- 16.2 enable the use of regulations to define NZ ETS-eligible removals activities, and to set the minimum criteria and thresholds, monitoring requirements and other matters of detail that will apply to each removals activity;
- 17 **noted** that any further Cabinet consideration of legislative options to enable the NZ ETS to include non-forestry atmospheric removals activities will follow after decisions arising from the NZ ETS review on the future of forestry in the NZ ETS;
- 18 **noted** that the Minister of Climate Change, in consultation with relevant Ministers, will develop processes to:
- 18.1 set clear criteria and expectations for the research and evidence required for market entry, to provide certainty for investors;
- 18.2 test and verify that evidence.

Rebecca Davies
Committee Secretary

Present:

Hon Kelvin Davis
Hon Dr Megan Woods
Hon Willow-Jean Prime
Hon Rachel Brooking
Hon James Shaw

Officials present from:

Office of the Prime Minister
Officials Committee for ENV