



# **Interim Report to the Minister for Climate Change**

**30 September 2019**

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## Introduction

This interim report provides an update on the progress the Interim Climate Change Committee (the Committee) has made on its work programme between May and September of this year.

The Committee is the precursor to the proposed Climate Change Commission (the Commission), expected to be established in late 2019 under the Climate Change Response (Zero Carbon) Amendment Bill (the Bill). The Bill provides a framework to help New Zealand deliver on the objectives of the Paris Agreement.

The core of the Commission's initial work will be to advise the Government on the first three emissions budgets and the first emissions reduction plan. Emissions budgets set the total emissions of all greenhouse gases permitted in the relevant budget period. The Government will then respond to the Commission's advice.

On 30 April 2019, the Committee delivered two reports, *Action on Agricultural Emissions* and *Accelerated Electrification*. On completion of these reports, the Committee's Terms of Reference were extended and the focus shifted to work that will put the Commission in a position to produce high-quality, credible emissions budgets within the required timeframe.

Initial work concentrated on the transport and land-use sectors, and progressed to establishing a methodology for the development of economy-wide emissions budgets. In doing this work, the Committee's priorities have been ensuring that critical analytical tools are developed, engagement continues and the Secretariat has the capacity and capability to ensure a smooth transition when the Commission is established.

This report outlines the progress that the Committee has made in these areas.

# 1. Creating the evidence base

## ***1.1 Call for Evidence***

On 19 September 2019, the Committee issued a Call for Evidence to support the development of the first three emissions budgets and the first emissions reduction plan, as outlined under the Climate Change Response (Zero Carbon) Amendment Bill.

The Call for Evidence was focused on gathering knowledge and evidence of:

- technologies, options and actions to reduce emissions,
- economic, environmental, cultural and social impacts of climate change mitigation actions, and
- wider distributional impacts on regions and communities and across generations.

The Call for Evidence noted that some potential contributors may have already collated and submitted relevant material as part of other consultation processes. Consequently, the option to point to existing submissions was included.

The information received will inform initial work on emission budgets, and add to the evidence base the Commission will draw upon.

The Call for Evidence closes on 15 November 2019.

The Call for Evidence and associated media advisory and frequently asked questions are attached as Appendix 1.

## ***1.2 Establishment of Technical Reference Groups***

The Committee's Terms of Reference outline that consultation and engagement will form a key part of their work.

In providing its earlier advice on electricity emissions reductions, the Committee conducted quantitative work, including modelling, to develop an evidence base. The quantitative work was tested and reviewed by a group of technical experts with sector knowledge.

A similar approach to support the development of emissions budgets is being followed. Three Technical Reference Groups are being established to assist in understanding the emissions reductions opportunities in the land-use, transport and the heat, industry and power<sup>1</sup> sectors and to review the modelling and data underpinning these identified opportunities.

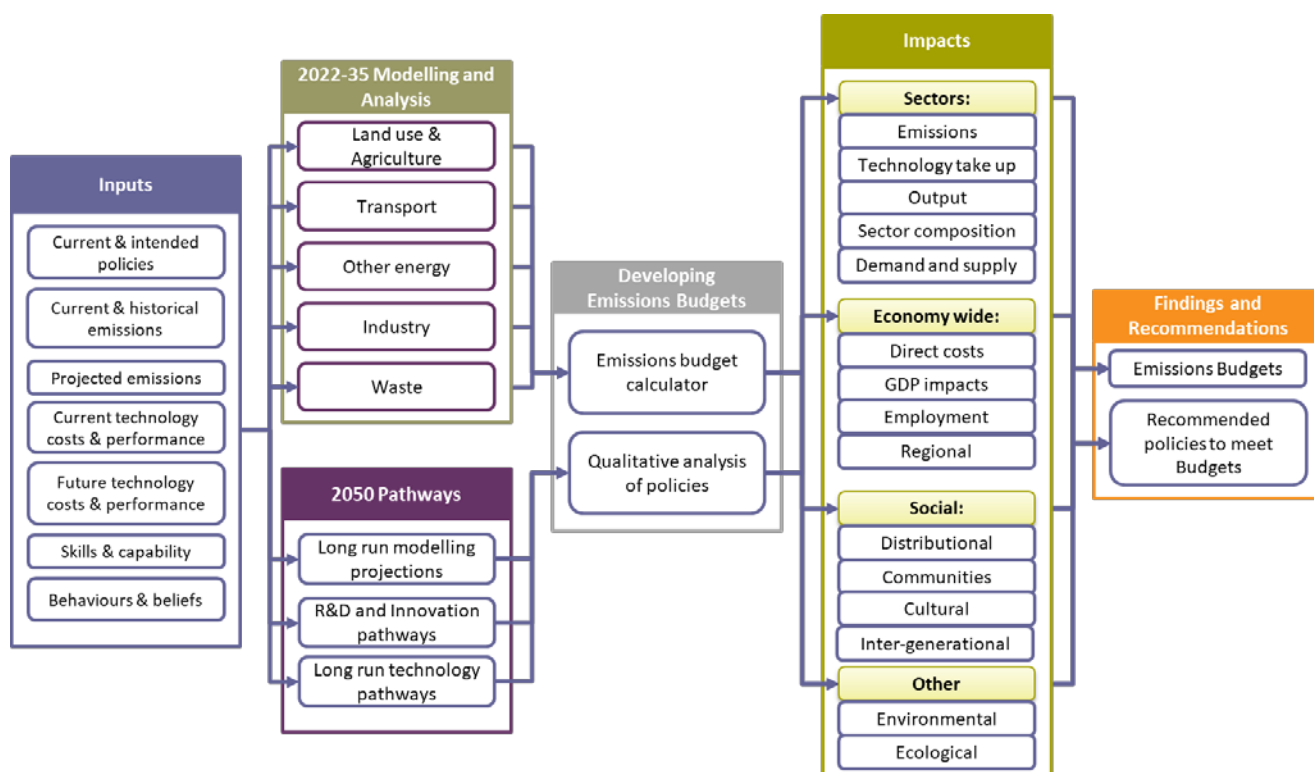
These groups will meet for the first time in October 2019.

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<sup>1</sup> The heat, industry and power technical reference group will be considering all non-transport energy emissions, industrial processes and product use emissions.

### 1.3 Methodology for developing emissions budgets

When developing emissions budgets, the Climate Change Commission will need to draw upon a wide range of evidence sources, for example, the New Zealand Greenhouse Gas Inventory, government emissions projections and information on currently available mitigation technologies. The Commission will also need to understand the wide range of potential impacts subsequent policies could create. To support this process, the Committee has developed a structured approach to the development, analysis and testing of proposed budgets. This framework is outlined in the diagram below.



### 1.4 Development of analytical principles

To support the methodology for developing the emissions budgets, the Committee has also proposed a set of criteria and principles for the Commission to use when analysing information. The key focus is on quantitative information – the patterns, trends and relationships between numbers. Quantitative analysis will form the majority of this work, but many of the principles and considerations will also apply to the way the Commission analyses and incorporates other sources of information and knowledge.

Analysis will be guided by the following proposed principles:

- Based on sound theory
- Transparent and well-documented
- Mindful of uncertainty and variability
- Thoroughly tested and reviewed

## 2. Economy-wide modelling

Advice on emissions budgets will need to be underpinned by detailed sectoral modelling of specific mitigation options. The advice will also need to be based on economy-wide modelling that provides insights into the economic and distributional consequences of emissions budgets and emissions reduction policies.

A Request for Proposals was released on 29 July 2019 for the *'Development of a model of the New Zealand economy for climate mitigation analysis'* attached as Appendix 2.

The request was open as to the type of modelling approach, with the emphasis being on proposals that were:

- Innovative and in line with international best practice for climate mitigation modelling
- Fit-for-purpose in the New Zealand context, particularly with regard to agriculture and forestry sectors
- Thoroughly-tested, well-documented and open to scrutiny
- Able to be delivered in time for the Commission's advice on the first three emissions budgets and emissions reduction plan, while keeping options open for further model innovation and development.

Several excellent proposals were received in response to this request and, following an evaluation process, the Committee agreed to proceed with contracting two of the proposals.

These two proposals will be complementary and, linked together, will bring New Zealand climate change mitigation modelling in line with international best practice. Together these two models would strengthen New Zealand climate modelling in four key areas:

- Improved whole-of-economy modelling
- Improved modelling of distributional impacts
- Improved modelling of competitiveness and emissions leakage
- Improved land-use modelling

Work developing these models will begin in October once contracts have been finalised.

### 3. Building the capacity and capability of the Secretariat

#### **3.1 Establishing and resourcing the Secretariat**

The Committee was originally established to deliver work related to agriculture and to electricity generation. Following delivery of the two reports, *Action on Agricultural Emissions* and *Accelerated Electrification*, some staff moved back to their parent organisations.

Since May 2019, the focus has been on building Secretariat capacity to support the work required to deliver emissions budgets and emissions reduction plans. This has involved recruitment of teams to undertake the analysis of the transport and land-use sectors, and also to begin the work on the methodology for economy-wide emissions budgets.

An overview of what the Secretariat work on, how they work and the current organisational culture will be provided to the incoming Commissioners. The incoming Commissioners will be involved in recruiting the senior leadership roles within the Secretariat.

The Secretariat has grown from a team of eight as at 1 May 2019, to a team of 16 as at 30 September 2019, who undertake the day-to-day work on analysis, engagement and communications, and operations.

As at 30 September 2019 there are nine principal analysts and recruitment is underway for an additional 10 analyst and senior analyst positions. Analysts are divided into four core teams focused on: land use, transport, and heat, industry and power as well as a cross-cutting team for overall emissions budgeting. An additional team focused on waste is still to be established.

The analytical capability of current staff includes a wide range of different areas of expertise including: economics, public policy, emissions trading, resource management, physics and climate science, mathematical and computational modelling, engineering, ecology, behavioural science and geography.

Principal analysts bring a depth of experience, including considerable institutional knowledge related to climate change mitigation and adaptation policy, and understanding of the machinery of government.

The Secretariat also has a team member with previous experience in the United Kingdom public sector during the establishment of the UK Climate Committee, as well as the former Chief of Research at the Asia-Pacific Energy Research Centre in Tokyo.

The analytical teams are supported by engagement and communications specialists, including a recently-appointed engagement and communications manager, and an operations manager.

It is anticipated that the team will reach its full complement of approximately 30 staff by the beginning of 2020.

### ***3.2 Engagement, communication and media strategies***

Successfully delivering on the Commission's mandate will depend on how well it engages with people and organisations. To enable this, multiple strategies have been developed to provide a deliberate and consistent approach to engagement, communication and media during the transition from the Committee to the Commission.

Over this transition period the focus will be on sector-specific engagement around land-use, transport, and heat industry and power, iwi/Māori engagement and continuing to communicate positively and proactively with a broad range of stakeholders, partners and other interested people.

### ***3.3 Submission on the Climate Change Response (Zero Carbon) Amendment Bill***

The Committee shared their perspectives on the Bill through a formal submission which is attached as Appendix 3.

The submission dealt with the provisions of the Bill to do with the practical aspects of the Commission's role.

The submission covered what will be necessary to best enable delivery of high-quality budgets in a short timeframe and highlighted the following three key themes for careful consideration:

#### ***1. Timeframes for advice***

The timeframe for delivering the first emissions budgets and emissions reduction plans will be very challenging for the Commission. The requirement for formal public consultation discussed below would exacerbate this problem.<sup>2</sup>

The submission recommends that the Select Committee considers extending timeframes for the Commission's advice on the initial emissions budgets and emissions reduction plan from 1 February 2021 to 1 June 2021.

#### ***2. Practical aspects of the Commission's role***

- a. The Bill's currently prescribed requirement for the Commission to consult publicly on drafts of its advice on budgets and plans is restrictive. The Commission should be able to engage and consult in the ways it deems best to deliver on its mandate.  
In order to do this effectively and meaningfully, the submission recommends revising clauses that prescribe the nature of the Commission's engagement and consultation.

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<sup>2</sup> To undertake full public consultation as proposed in the Bill, the Commission would have to complete full drafts of its advice by mid-2020, effectively only six months after the Commission is established.



- b. The Bill is not specific on how the Commission will gain access to the information required to deliver on its mandate. The submission recommends that the Bill be amended to add information-gathering powers that enable the Commission to access both public and privately-held information. This provision should be accompanied by a 'duty of secrecy'.
- c. Due to the complex nature of climate change, the Commission is expected to, and must be able to, use its judgement in carrying out its obligations. To aid this, the submission recommends refining and simplifying the range of prescribed matters and processes in the Bill.
- d. The submission also recommends a provision be added to the Bill that expressly confers incidental powers on the Commission to undertake its role. Such provisions are common in law.

### *3. Parent agency of the Climate Change Commission*

The Bill proposes that the Commission be an Independent Crown Entity (ICE), which means it will have a parent agency and receive funding as part of the parent agency's Vote. The Commission's advice will have implications for how society and the economy are organised. As such, the submission recommends the Treasury as the appropriate parent agency for the Commission, recognising that the Commission's mandate will span widely across the economy.

In addition to these three themes, the submission highlighted the following areas as being critical success factors in the work already undertaken on preparing the reports on agricultural emissions and electricity and believes these will also be crucial to the success of the Commission:

- Independence and trust
- Proactive engagement
- Credible analysis using the best tools
- A committee of experts.

### ***3.4 Secondment from the UK Committee on Climate Change***

Throughout July and August, the Committee was fortunate to have Mike Thompson, Head of Carbon Budgets at the UK Committee on Climate Change, join the Secretariat on secondment. His insights and experience from 12 years with the UK Committee proved invaluable and helped inform and supplement the work programme.

Attached is a summary of Mr Thompson's visit (Appendix 4) and his submission on the Climate Change Response (Zero Carbon) Amendment Bill (Appendix 5).

## 4. Conclusions and next steps

For the Climate Change Commission to be effective, it will need to be in a position to get work underway to propose high-quality, credible emissions budgets and emissions reduction plans. Over the last five months, the Committee has focused on activities designed to put the Commission in the best possible position to be able to do this.

The Committee has prioritised work on the most critical and time-sensitive elements required for emissions budgets, including developing the critical analytical tools for informing emissions budgets. In addition, the Committee has undertaken engagement with iwi/Māori, civil society, government officials and business.

The Committee's Terms of Reference have been further extended until the end of 2019, so that work can continue on laying the foundations for the first emissions budgets and emissions reduction plan.

From 30 September to 24 December 2019 work will begin on the heat, industry and power and waste sectors and continue to progress in the land-use and transport sectors. Work developing the economy-wide modelling will also be a focus and by December the model specification and scenario development will be completed. The Committee will continue broad engagement as it continues to build an evidence base.

The Committee will deliver a final report outlining progress on building the foundations for emissions budgets on the completion of its Terms of Reference at the end of 2019.

## **Appendix 1**

### **Call for Evidence and associated media advisory and frequently asked questions**

# Call for evidence



We are calling for evidence on options available to reduce greenhouse gas emissions over the period 2022 to 2035.

## **Why are we doing this?**

The Interim Climate Change Committee is the precursor to the proposed Climate Change Commission, expected to be established in late 2019 under the Zero Carbon Bill<sup>1</sup>. The Bill provides a framework to help New Zealand deliver on the objectives of the Paris Agreement.

A key part of the proposed Commission's work will be to advise the Government on emissions budgets.

Emissions budgets set the total emissions of all greenhouse gases permitted in the relevant budget period. The Government will set emissions budgets based on the proposed Commission's advice.

## **Why are we doing this now?**

We are running this call for evidence now as foundation work for the proposed Climate Change Commission to enable it to start work immediately as soon as it is set up.

It will help identify relevant information for developing these emissions budgets, and to maintain a broad, robust and transparent approach in developing the proposed Commission's evidence base.

We have been asked to do this through our [Terms of Reference](#). This work is also outlined in our letter to the Minister for Climate Change on 7 May 2019 [here](#).

## **What are we looking for?**

We are looking for high-quality, credible, evidence that will support the proposed Commission's work on emissions budgets. This is likely to include knowledge and evidence of technologies and options to reduce emissions, and the economic, environmental, cultural and social impacts of them. We are not looking for personal views or opinions.

## **What if I have already made submissions on similar topics?**

If you have already submitted evidence as part of consultation run by Government agencies, such as the Zero Carbon Bill or the Ministry of Transport's Clean Car Standard and Discount, then we are happy for you to point us to those submissions, noting the key information or material that relates to our call for evidence.

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<sup>1</sup> Climate Change Response (Zero Carbon) Amendment Bill:  
<http://www.legislation.govt.nz/bill/government/2019/0136/latest/LMS183736.html>.

## **What will we do with the evidence we gather?**

We will use this information to inform our initial work on emissions budgets and add to the evidence base the proposed Commission will draw upon.

## **Confidentiality and data protection**

All or part of any written response (including the names of respondents) may be published on our website [www.iccc.mfe.govt.nz](http://www.iccc.mfe.govt.nz). Unless you clearly specify otherwise, we will consider that you have consented to both your name and response being published.

Please be aware that any responses may be captured by the Official Information Act 1982. Please advise us if you have any objection to the release of any information contained in your response, including commercially sensitive information, and in particular which part(s) you consider should be withheld, together with the reason(s) for withholding the information. We will take into account all such objections when responding to requests for copies of, and information on, responses to this document under the Official Information Act.

The Privacy Act 1993 applies certain principles about the collection, use and disclosure of information about individuals by various agencies, including the Interim Climate Change Committee. It governs access by individuals to information about themselves held by agencies. Any personal information you supply to the Committee in the course of making a response will be used by the Committee only in relation to the matters covered by this document. Please clearly indicate in your response if you do not wish your name to be included in any summary of responses that the Committee may publish.



## Call for evidence: response form

We are looking for responses that are evidence-based, with data and references included where possible. Please limit your response to each question to a maximum of 400 words, plus links to supporting evidence, using the template provided. Please answer only those questions where you have particular expertise or experience.

We recommend that you refer to the Climate Change Response (Zero Carbon) Amendment Bill when considering your answers, which can be found [here](#).

If you have any questions about completing the call for evidence, please contact us via [feedback@ICCC.mfe.govt.nz](mailto:feedback@ICCC.mfe.govt.nz). Please include a contact number in case we need to talk to you about your query.

Please email your completed form by **12 noon, Friday 15 November 2019** to [feedback@ICCC.mfe.govt.nz](mailto:feedback@ICCC.mfe.govt.nz). We may follow up for more detail where appropriate.

### Contact details

<b>Name and/or organisation</b>	
<b>Postal Address</b>	
<b>Telephone number</b>	
<b>Email address</b>	

### Submissions on similar topics

<b><i>Please indicate any other submissions you have made on relevant topics, noting the particular material or information you think we should be aware of.</i></b>
<b>Answer:</b>

## Commercially sensitive information

***Do you have any objection to the release of any information contained in your response, including commercially sensitive information?***

***If yes, which part(s) do you consider should be withheld, together with the reason(s) for withholding this information.***

***Answer:***

## Questions for consideration:

### Section A     The first three emissions budgets

Under the proposed Zero Carbon Bill, the proposed Commission will have to provide advice to government on the levels of emissions budgets over the coming decades.

Currently, the Zero Carbon Bill requires budgets to be set from 2022-2035 (three separate budgets covering 2022-2025, 2026-2030, and 2031-2035). When preparing this advice the proposed Commission will have to consider the implications of those budgets for meeting the 2050 target. The Commission will also need to consider the likely economic effects (positive and negative) of its advice.

#### ***Question 1:***

***In your area of expertise or experience, what are the specific proven and emerging options to reduce emissions to 2035? What are the likely costs, benefits and wider impacts of these options? Please provide evidence and/or data to support your assessment.***

***Answer:***

#### ***Question 2:***

***In your areas of expertise or experience, what actions or interventions may be required by 2035 to prepare for meeting the 2050 target set out in the Bill? Please provide evidence and/or data to support your assessment.***

***Answer:***

**Question 3:**

***In your areas of expertise or experience, what potential is there for changes in consumer, individual or household behaviour to deliver emissions reductions to 2035? Please provide evidence and/or data to support your assessment.***

**Answer:**

**Question 4:**

***When advising on the first three emissions budgets and how to achieve the 2050 target, what do you think the proposed Commission should take into account when considering the balance between reducing greenhouse gas emissions and removing carbon dioxide from the atmosphere (including via forestry)?***

**Answer:**

**Question 5:**

***What circumstances and/or reasons do you think would justify permitting the use of offshore mitigation for meeting each of the first three emissions budgets? And if so, how could the proposed Commission determine an appropriate limit on their use?***

**Answer:**

## **Section B Emissions reduction policies and interventions**

The proposed Commission will also need to consider the types of policies required to achieve the budgets it proposes. This consideration should include:

- sector-specific policies (for example in transport or industrial heat) to reduce emissions and increase removals, and
- the interactions between sectors and the capability of those sectors to adapt to the effects of climate change.



**Question 6:**

***What sector-specific policies do you think the proposed Commission should consider to help meet the first emissions budgets from 2022-35? What evidence is there to suggest they would be effective?***

**Answer:**

**Question 7:**

***What cross-sector policies do you think the proposed Commission should consider to help meet the first emissions budgets from 2022-35? What evidence is there to suggest they would be effective?***

**Answer:**

**Question 8:**

***What policies (sector-specific or cross-sector) do you think are needed now to prepare for meeting budgets beyond 2035? What evidence supports your answer?***

**Answer:**

## **Section C     Impacts of emissions budgets**

The proposed Commission will need to consider the potential social, cultural, economic and environmental impacts of emission budgets on New Zealanders, including how any impacts may fall across regions and communities, and from generation to generation. Potential impacts may be either positive or negative.

**Question 9:**

***What evidence do you think the proposed Commission should draw upon to assess the impacts of emissions budgets?***

**Answer:**

**Question 10:**

***What policies do you think the proposed Commission should consider to manage any impacts of meeting emissions budgets? Please provide evidence and/or data to support your assessment.***

**Answer:**

**Section D     Other considerations, evidence or experience**

**Question 11:**

***Do you have any further evidence which you believe would support the future Commission's work on emissions budgets and emissions reduction policies and interventions?***

**Answer:**

Please email your completed form to [feedback@ICCC.mfe.govt.nz](mailto:feedback@ICCC.mfe.govt.nz) by **12 noon, Friday 15 November 2019**.

If you have any questions about completing the call for evidence, please contact us via [feedback@ICCC.mfe.govt.nz](mailto:feedback@ICCC.mfe.govt.nz).

## Media advisory

19 September 2019



The independent Interim Climate Change Committee today launched an eight-week, nationwide call for evidence on options available to reduce greenhouse gas emissions.

The Interim Committee, as part of its [Terms of Reference](#), is running the call for evidence as foundation work for the proposed Climate Change Commission.

The Interim Climate Change Committee has been established as a precursor to the future Climate Change Commission, expected to be established in late 2019 under the Zero Carbon Bill<sup>1</sup>. The Bill provides a framework to help New Zealand deliver on the objectives of the Paris Agreement.

A key part of the proposed Commission's work will be to advise the Government on emissions budgets. Emissions budgets set the total emissions of all greenhouse gases permitted in the relevant budget period. The Government will set emissions budgets based on the proposed Commission's advice.

The call for evidence runs from Thursday 19 September to Friday 15 November 2019.

Further details, including FAQs and the response form, are online at:

[www.iccc.mfe.govt.nz/what-we-do/call-for-evidence](http://www.iccc.mfe.govt.nz/what-we-do/call-for-evidence)

### For further information please contact

Catriona Robertson | Communications Manager

**M** 022 015 3951

**E** [catriona.robertson@ICCC.mfe.govt.nz](mailto:catriona.robertson@ICCC.mfe.govt.nz)

**W** [www.iccc.mfe.govt.nz](http://www.iccc.mfe.govt.nz)

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<sup>1</sup> Climate Change Response (Zero Carbon) Amendment Bill:

<http://www.legislation.govt.nz/bill/government/2019/0136/latest/LMS183736.html>.

# FAQs

## Why is the Committee calling for evidence?

We are calling for evidence on options available to reduce greenhouse gas emissions over the period 2022 to 2035 to help the proposed Climate Change Commission advise the Government on emissions budgets. This ensures a broad, robust and transparent approach in developing an evidence base for future decisions.

## Why are we doing this now?

We are running this call for evidence now as foundation work for the proposed Commission so that it can start work immediately as soon as it is in place.

We have been asked to do this through our [Terms of Reference](#). This work is also outlined in our letter to the Minister for Climate Change on [7 May 2019](#).

## What sort of information is the Committee looking for?

We are looking for high-quality, credible data and evidence that will support the proposed Commission's work on emissions budgets. This is likely to include knowledge and evidence of technologies and options to reduce emissions, and their social, cultural, economic and environmental impacts.

We are not looking for opinion or personal views.

## Is this the only chance to engage?

No. This call for evidence is just one part of the work required to develop emissions budgets. Continued broad engagement is vital to understand people's views, concerns and perspectives.

## What if I have already made submissions on similar topics?

If you have already submitted evidence as part of consultation run by Government agencies, such as the Zero Carbon Bill or the Ministry of Transport's Clean Cars Standard and Discount, then we are happy for you to point us to those submissions, noting the key information or material that relates to our call for evidence.

### **What happens to my response after I send it?**

We will use your response to inform our initial work on emissions budgets in advance of the proposed Commission being established. Your response will be assessed by the Interim Climate Change Committee's Secretariat team. If further information is required one of the team members may follow-up with you for further information.

### **Will my information be made public?**

All or part of any written response (including the names of respondents) may be published on our website [www.iccc.mfe.govt.nz](http://www.iccc.mfe.govt.nz). Unless you clearly specify otherwise, we will consider that you have consented to both your name and response being published.

### **What if I don't want my information made public?**

Please be aware that any responses may be captured by the Official Information Act 1982. Please advise us if you have any objection to the release of any information contained in your response, including commercially sensitive information, and in particular which part(s) you consider should be withheld, together with the reason(s) for withholding the information. We will consider all such objections when responding to requests for copies of, and information on, responses to this document under the Official Information Act.

### **Is the Committee just looking for New Zealand evidence?**

The focus of this call is on New Zealand evidence. However, if you have any international material you think is relevant please include it with your response.

### **Is this the only call for evidence the Committee/Commission will be doing?**

This is currently the only call for evidence. It is likely that the proposed Climate Change Commission may undertake calls for evidence in the future to inform its work programme.

### **Where can I find more details?**

You can find more information, including the response form, on our website [here](#). We also recommend that you refer to the Climate Change Response (Zero Carbon) Amendment Bill when considering your answers which can be found [here](#).

### **So what is the Interim Climate Change Committee's work programme?**

The focus of our work programme is on leadership, evidence and connectedness – the critical elements required for the independent proposed Climate Change Commission to start work as soon as it is established.

The proposed Commission will present its first advice in February 2021, for which it will need a range of tools and a broad evidence base. To prepare the proposed Commission's technical

foundations, the Committee is working on:

- Prototyping a sectoral approach, focusing on the transport sector
- Assessing data and modelling needs in the land use sector
- Developing high-quality, economy-wide models and analysis to inform emissions budgets.

We are also building foundations for assessing impacts on iwi/Māori, communities and regions, and across generations. Our priorities, outlined in our letter of 7 May 2019 to the Climate Change Minister, are online [here](#).

### **How can I get in touch with the Interim Climate Change Committee?**

Our full contact information can be found on our website: [www.iccc.mfe.govt.nz](http://www.iccc.mfe.govt.nz).

If you have any specific questions relating to our call for evidence, please email [feedback@iccc.mfe.govt.nz](mailto:feedback@iccc.mfe.govt.nz).

## **Appendix 2**

**Request for Proposals for *“development of a model of the New Zealand economy for climate mitigation analysis”***



# Request for Proposals



## Development of a model of the New Zealand economy for climate mitigation analysis

1039-01-RFP

RFP Released: 31 July 2019

Deadline for Questions: 1:00pm 12 August 2019

Deadline for Proposals: 12:00pm (noon) 26 August 2019



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# This opportunity in a nutshell

## What we need

The Interim Climate Change Committee (the Committee) is seeking to procure the development and initial running of a world-class open-source model or models of the New Zealand economy that can look at least 15 years ahead (and indicatively 30 years ahead). The model or models will eventually be run within the Climate Change Commission (the Commission) once it is established.

An economy-wide model or models will be needed to provide insights on key questions such as:

- What emissions reductions are technically and economically feasible<sup>1</sup> when factoring in the interactions between sectors and economy-wide constraints?
- What are the economic consequences of different levels of emissions reductions, different types of policy interventions, and different scenarios of technological and economic change?
- What distributional impact could emissions budgets or emissions policies have on different sectors, regions, generations and socio-economic groups?
- What impact will domestic emissions policies have on New Zealand's international trade and competitiveness?
- What impact will overseas markets and policies have on New Zealand emissions, production and trade?

## What we don't want

The Committee is not looking for proprietary economy-wide models.

## What's important to us

The Committee wants to develop a world-class, open-source model or models of the New Zealand economy to use in climate mitigation analysis. The Committee is looking for potential suppliers that have extensive economic modelling experience, including experience modelling climate change pathways and policies, and modelling in the New Zealand context.

## Why should you bid?

This is a high profile project to develop a world-class economy-wide model or models that will be used to provide insights into how New Zealand should transition to a low emissions economy. The successful supplier will have the opportunity to be involved in building New Zealand's climate change modelling capability, working with the yet to be established New Zealand Climate Change Commission and other New Zealand and overseas experts.

## A bit about us

The Interim Climate Change Committee (the Committee) has been set up as a precursor to the independent Climate Change Commission (the Commission) that is expected to be established in late 2019 under the Climate Change Response (Zero Carbon) Amendment Bill.

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<sup>1</sup> See Section 5Z of the Climate Change Response (Zero Carbon) Amendment Bill for factors that are proposed to be considered in forming advice on emissions budgets.

Under the Amendment Bill, the Commission would have functions including:

- Providing advice on 5-yearly emissions budgets
- Providing advice on policies in the emissions reduction plan
- Review the 2050 target and recommend changes to the target, if necessary
- Monitor and report on progress to meeting emissions budgets and the 2050 target
- Prepare national climate change risk assessments
- Prepare reports on the implementation of the national adaptation plan
- Provide other reports requested by the Minister.<sup>2</sup>

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<sup>2</sup> See Section 5J of the Climate Change Response (Zero Carbon) Amendment Bill for the functions that the Commission is proposed to have.

# SECTION 1: Key information

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## 1.1. Context

- a. This Request for Proposal (RFP) is an invitation to suitably qualified suppliers to submit a Proposal for the *Development of a model of the New Zealand economy for climate mitigation analysis* contract opportunity.
  - b. This RFP is an open tender procurement process.
  - c. Words and phrases that have a special meaning are shown by the use of capitals e.g. Respondent, which means ‘a person, organisation, business or other entity that submits a Proposal in response to the RFP. The term Respondent includes its officers, employees, contractors, consultants, agents and representatives. The term Respondent differs from a supplier, which is any other business in the market place that does not submit a Proposal.’ Definitions are at the end of [Section 6](#).
- 



## 1.2. Our timeline

- a. Here is our timeline for this RFP.

### Steps in RFP process:

### Date:

Deadline for Questions from suppliers: 1pm, 12 Aug 2019

Deadline for the Buyer to answer suppliers' questions: 3pm, 15 Aug 2019

**Deadline for Proposals: 12pm (noon), 26 Aug 2019**

Unsuccessful Respondents notified of award of Contract: 27 Sept 2019

Respondents' debriefs: week starting 30 Sept 2019

Anticipated Contract start date: 30 Sept 2019

- b. All dates and times are dates and times in New Zealand.
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## 1.3. How to contact us

- a. All questions, enquiries and responses must be directed to our Point of Contact.
  - b. We will manage all external communications through this Point of Contact.
  - c. **Our Point of Contact**  
**Attn:** Natalie Crane  
**Email address:** [Natalie.Crane@iccc.mfe.govt.nz](mailto:Natalie.Crane@iccc.mfe.govt.nz)
- 



## 1.4. Developing and submitting your Proposal

- a. This is an open, competitive tender process. The RFP sets out the step-by-step process and conditions that apply.
  - b. Take time to read and understand the RFP. In particular:
    - i. develop a strong understanding of our Requirements detailed in [Section 2](#).
    - ii. in structuring your Proposal consider how it will be evaluated. [Section 3](#) describes our Evaluation Approach.
  - c. For helpful hints on tendering and access to a supplier resource centre go to: [www.procurement.govt.nz/suppliers](http://www.procurement.govt.nz/suppliers).
  - d. If anything is unclear or you have a question, ask us to explain. Please do so before the Deadline for Questions. Email our Point of Contact – [Natalie.Crane@iccc.mfe.govt.nz](mailto:Natalie.Crane@iccc.mfe.govt.nz)
  - e. In submitting your Proposal you must use the Response Form provided.
  - f. You must also complete and sign the declaration at the end of the Response Form.
  - g. You must provide a sufficiently detailed pricing schedule.
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- h. This RFP is a two-envelope tender process. As such, Respondents are to provide their price as a separate attachment when submitting their Proposal.
  - i. Check you have provided all information requested, and in the format and order asked for.
  - j. Having done the work don't be late – please ensure you get your Proposal to us before the Deadline for Proposals!
- 



### 1.5. Address for submitting your Proposal

- a. Proposals must be submitted in PDF format electronically by email to the following address: [Natalie.Crane@iccc.mfe.govt.nz](mailto:Natalie.Crane@iccc.mfe.govt.nz)

Please note there is a file size limit of 15mb.

- b. Proposals sent by post or fax, or hard copy delivered to our office, will **not** be accepted.
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### 1.6. Our RFP Process, Terms and Conditions

- a. **Offer Validity Period:** In submitting a Proposal the Respondent agrees that their offer will remain open for acceptance by the Buyer for 3 calendar months from the Deadline for Proposals.
  - b. The RFP is subject to the RFP Process, Terms and Conditions (shortened to RFP-Terms) described in [Section 6](#).
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### 1.7. Later changes to the RFP or RFP process

- a. If, after publishing the RFP, we need to change anything about the RFP, or RFP process, or want to provide suppliers with additional information we will let all suppliers know by placing a notice on the Government Electronic Tenders Service (GETS) at [www.gets.govt.nz](http://www.gets.govt.nz).
  - b. If you downloaded the RFP from GETS you will automatically be sent notifications of any changes through GETS by email.
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# SECTION 2: Our Requirements

## 2.1. Background

The Interim Climate Change Committee (the Committee) has been set up as a precursor to the independent Climate Change Commission (the Commission) that is expected to be established in late 2019 under the Climate Change Response (Zero Carbon) Amendment Bill.

The Committee is carrying out preparatory work to put the Commission in the best possible position to swiftly propose high-quality, credible emissions budgets. The Commission is likely to need to provide its advice on the first three emissions budgets (covering 2022 to 2035) by 1 February 2021. The Commission will continue to provide advice on emissions budgets over time – it will need to provide advice on the fourth emissions budget by 31 December 2024 and on each subsequent emissions budget every 5 years after that.

The Climate Change Response (Zero Carbon) Amendment Bill sets out a list of what the Commission will need to factor into its analysis and advice on emissions budgets. These include (paraphrased from the Bill):

- Technological development
- The need for emissions budgets that are ambitious but technically and economically feasible
- Distributional impacts across regions, communities and generations
- Economic circumstances
- Climate change responses from other countries.<sup>3</sup>

The Committee considers that the foundations for emissions budgets are:

- Fit-for-purpose databases of emissions and activity data
- Thorough understanding of mitigation options, costs, and policy levers for reducing emissions, and other factors that might have a substantive impact on emissions
- World-class, high-quality tools (e.g. computational models) for estimating potential emissions reductions and socio-economic impacts under different policy settings
- Trusted and credible analysis achieved through ongoing dialogue with technical experts and stakeholders.

The Committee is looking to build on these foundations by carrying out both bottom-up sectoral analysis and top-down economy-wide analysis.

The sectoral analysis is envisaged to provide the main information as to what emissions reductions are technically and economically feasible within each sector. This will be based on the technologies and mitigation options available in each sector, realistic uptake scenarios, and the impact that policy levers could have on uptake, over an emissions budget period.

Economy-wide analysis is envisaged to add additional insight on top of the sectoral analysis. Specifically, it will be used to ensure coherence and internal consistency between sectors by factoring in **interactions between sectors** and **economy-wide constraints**, such as capital and labour and land use constraints. It is

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<sup>3</sup> For the full list of proposed criteria for the Commission to factor into its analysis and advice on emissions budgets, see Section 5Z of the Climate Change Response (Zero Carbon) Amendment Bill.

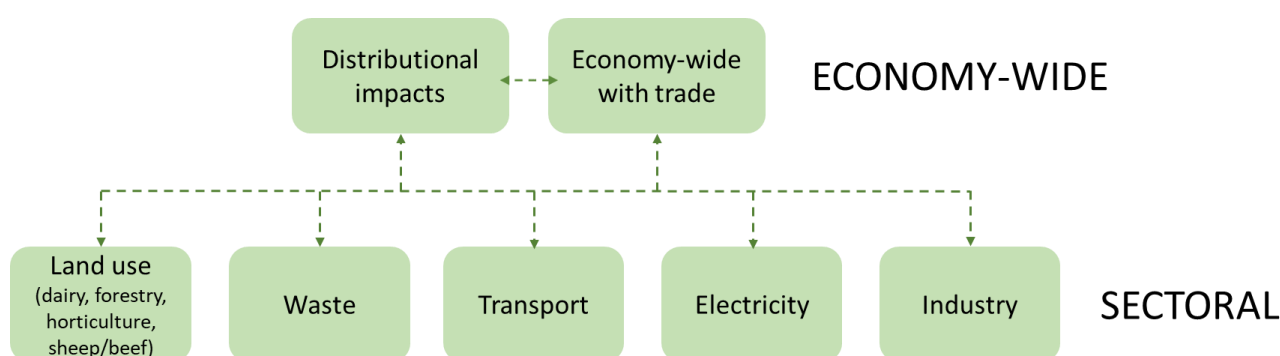
also envisaged to provide information on the distributional impacts on regions, sectors, generations and different demographic groups.

It is envisaged that the modelling approach, assumptions and results will be tested through ‘challenge and review groups’ made up of New Zealand experts and of other potential end-users. The Committee or Commission will facilitate this.

This procurement relates to the economy-wide analysis. Sectoral analysis will be carried out separately and be separately funded. However, it is envisaged that outputs from sectoral analysis will feed into the economy-wide analysis, and that sectoral and economy-wide simulations and analysis will need to be run in parallel with some iteration between the simulations.

An economy-wide model or models will be needed to provide insights on key questions such as:

- What emissions reductions are technically and economically feasible when factoring in the interactions between sectors and economy-wide constraints?
- What are the economic consequences of different levels of emissions reductions, different types of policy interventions, and different scenarios of technological and economic change?
- What distributional impact could emissions budgets or emissions policies have on different sectors, regions, generations and socio-economic groups?
- What impact will domestic emissions policies have on New Zealand’s international trade and competitiveness?
- What impact will overseas markets and policies have on New Zealand emissions, production and trade?



*Figure: A depiction of how economy-wide analysis may link with sectoral analysis.*

## **2.2. What we are buying and why**

The Committee is seeking to procure the development and initial running of a world-class open-source model or models of the New Zealand economy that can look at least 15 years ahead (and indicatively 30 years ahead). The model or models will eventually be run within the Commission once it is established.

The Committee is looking for potential suppliers that have extensive economic modelling experience, including experience modelling climate change pathways and policies, and modelling in the New Zealand context. The Committee is willing to accept bids from a consortium of modellers.

### **Expected outputs**

The supplier will be expected to:

1. Deliver a model or models, and the associated database, that fits the requirements outlined in section 2.3 “What we require: the solution” that can eventually be run by the Commission’s in-house modellers.
2. Assist the Commission in developing scenarios and running the model for the first three emissions budgets.
3. Present at regular challenge and review group meetings to test the modelling approach, assumptions and results, and incorporate feedback from those meetings
4. Help build the modelling capability within the Commission’s secretariat by working closely with the Commission’s in-house modellers.
5. Help identify data gaps for climate change decision making.

### **Reporting of the work**

The supplier will provide an update of progress on a weekly basis through a phone call or email to Karen Lavin, Principal Analyst – or a named alternative contact.

The Committee also intends to pull together one or several ‘challenge and review groups’ of New Zealand modelling experts to advise on the development of the model(s) and of potential end-users to advise of their requirements.

The supplier will be required to attend or dial into regular challenge and review group meetings, and may be required to attend occasional meetings of the Committee and the Commission.

### **Review points**

The Committee/the Commission will have review points to determine whether to continue funding the project at the conclusion of each of the stages described in section 2.7 “key outcomes”. The Committee/the Commission will also review funding if there is a failure to deliver work to an adequate standard or to timeframes that are acceptable.



## 2.3. What we require: the solution

Respondents should outline how their proposal would be developed, including how it would link to or build on existing models of the New Zealand economy, and how they would deal with the following key functional specifications or features, including a description of the theoretical underpinning. Further, the proposal should include a schedule of work that details the key stages and the timeframes, and how the supplier would prioritise work on the key functions and features.

1. **Provide a link to sectoral models.** Particularly, the economy-wide model(s) would be able to incorporate output from sectoral models through informal or formal links to thoroughly understand the interactions between the energy and land use sectors. Ideally, the land use sector would be broken down to include dairy, forestry, horticulture and sheep/beef sectors. The supplier would work with the Committee/the Commission to determine what sectors and sub-sectors need to be included to be policy relevant.
2. **Factor in economy-wide constraints.** Particularly, this would include capital, labour and land use constraints.
3. **Provide insights into the economic consequences of emissions reductions pathways or policies.** Particularly, the model(s) would provide GDP, employment, petrol and electricity prices as outputs.
4. **Include distributional impacts.** This could be through a separate module or model, and would be able to inform analysis on regional, sectoral, generational and socio-economic impacts.
5. **Provide insights into the impacts of domestic emissions policies on New Zealand's international trade and competitiveness.**
6. **Be dynamic and able to factor in transformational change.** The model(s) will need to be able to track the economy at least 15 years ahead (and indicatively 30 years ahead), and be able to incorporate exogenous estimates of changes to the structure of the economy.
7. **Factor in the impact of uncertainty.**
8. **Be open-source, well documented, calibrated and tested.** The model(s) will use common modelling software, and the model(s) data sources, inner workings, and how the outputs relate to the inputs will be clearly and transparently documented. The model(s) will be able to be run by the Commission's in-house modellers, and other modellers.
9. **Be modular and easily updated.** The model(s) will be built in such a way that it can be easily be developed further over time, updated as new data becomes available and linked with other models.

## **2.4. What we require: capacity**

We are seeking suppliers that are able to demonstrate the following capacity:

- A project personnel structure with enough suitably qualified people to meet the pre-conditions detailed in section 3.2
- Flexibility with available hours in response to the demands of the project, such as presenting to the challenge and review group
- Conflicts of Interest clearly stated, and able to be managed
- Available from 30 September 2019 to 1 February 2021.

## **2.5. What we require: capability**

We are seeking suppliers that are able to demonstrate the following capability:

- Extensive economic modelling experience
- Experience modelling climate change pathways and policies
- Experience modelling in the New Zealand context
- Ability to engage positively and collaboratively with New Zealand and international experts, and government agencies
- 
- Strong project management capability, including a track record of delivering modelling of climate change pathways and policies.

## **2.6. Contract term**

We anticipate that the Contract will commence 30 September 2019. It is expected that the contract will end by 1 February 2021.

## 2.7. Key outcomes

Indicative key stages are outlined below.

In their proposal, Respondents should include a schedule of work outlining in more detail the key stages, timeframes for delivery of the key stages, and how the Respondent would prioritise work on the key functions and features listed in section 2.3 “What we require: the solution”. Respondents should also factor in time to present at regular challenge and review group meetings to test the modelling approach, assumptions and results, and incorporate feedback from those meetings.

Timeframes will need to be confirmed once the Climate Change Response (Zero Carbon) Amendment Bill has been passed.

Description
<b>Stage 1 – Model specifications</b> Supplier works with the Committee/the Commission and challenge and review group(s) to define the model specifications.
<b>Stage 2 – Data gathering</b> Supplier works with the Committee/the Commission and challenge and review group(s) to identify and access data that will be needed in the modelling.
<b>Stage 3 – Initial model development</b> Supplier builds the model or modifies an existing model to the specifications decided in stage 1, testing the approach and assumptions with the Committee/the Commission and challenge and review group as they go. The supplier carries out model testing throughout the development.
<b>Stage 4 – Model refinements</b> Supplier works with the Committee/the Commission and challenge and review group(s) to identify refinements to the model, and carries out further building, testing and calibrating against existing economic models.
<b>Stage 5 – Scenario development</b> Supplier works with the Committee/the Commission and challenge and review group(s) to develop scenarios to be run for the first three emissions budgets.
<b>Stage 6 – Run and refine scenarios</b> Supplier runs and refines the scenarios for the first three emissions budgets and iterates with sectoral modelling and analysis.
<b>Stage 7 – Run sensitivity analysis</b> Supplier runs sensitivity or uncertainty analysis.
<b>Stage 8 – Quality assurance of results</b> Supplier provides final quality assurance of the final results.

## 2.8. Other information

- a. Payment will be on successful delivery of milestones.
- b. New Intellectual Property arising as a result of the Contract will be the property of the Commission.

# SECTION 3: Our Evaluation Approach

This section sets out the Evaluation Approach that will be used to assess Proposals.

## 3.1. Evaluation model

The evaluation model that will be used is weighted attribute (weighted criteria). Price is not a weighted criterion. This means that Proposals that are capable of full delivery on time will be shortlisted by score and an overall assessment of best value-for-money over the whole-of-life of the Contract.

A 'two envelope' system will be used for the evaluation. This means that Respondents must provide all financial information relating to price, expenses and costs in a separate soft copy document. The evaluation panel will firstly score each Proposal based on the weighted criteria listed below. Proposals will then be ranked according to their scores. Following completion of the scoring the sealed envelopes containing financial information will be presented to the panel. The panel will then assess which Proposals to shortlist based on best value-for-money over the whole-of-life of the Contract i.e. the scores and the total costs over the whole-of-life of the Contract.

## 3.2. Pre-conditions

Each Proposal must meet all of the following pre-conditions. Proposals which fail to meet one or more will be eliminated from further consideration.

Respondents who are unable to meet all pre-conditions should conclude that they will not benefit from submitting a Proposal.

#	Pre-condition
1.	The model or models must be open source
2.	The supplier must have extensive economic modelling experience
3.	The supplier must have experience modelling climate change pathways and policies
4.	The supplier must have experience modelling in the New Zealand context

### 3.3. Evaluation criteria

Proposals which meet all pre-conditions will be evaluated on their merits according to the following evaluation criteria and weightings.

Criterion	Weighting
<b>1. Proposed solution (fit for purpose)</b> Provide in the proposal details of the approach and theoretical underpinning for how the Respondent would deliver on the following key functions and features: <ul style="list-style-type: none"> <li>- Provide a link to sectoral models</li> <li>- Factor in economy-wide constraints</li> <li>- Provide insights into the economic consequences of emissions reductions pathways or policies</li> <li>- Include distributional impacts</li> <li>- Provide insights into the impacts of domestic emissions policies on New Zealand's international trade and competitiveness</li> <li>- Be dynamic and able to factor in transformational change</li> <li>- Factor in the impact of uncertainty</li> <li>- Be open-source, well documented, calibrated and tested</li> <li>- Be modular and easily updated</li> </ul>	<b>50%</b>
<b>2. Capacity of the Respondent to deliver – timeframes</b> Provide a schedule of work that outlines the key stages, timeframes for delivery of those stages, and how the Respondent would prioritise work on the key functions and features. The schedule of work should include: <ul style="list-style-type: none"> <li>- Start date availability</li> <li>- Time to gather data</li> <li>- Estimated model development/build time, including testing, refining and calibrating</li> <li>- Estimated time to run scenarios</li> <li>- Estimated time to present to the challenge and review group on a regular basis, and incorporate feedback from these meetings</li> <li>- Any time periods the Respondent is not available for</li> </ul>	<b>25%</b>
<b>3. Capability of the Respondent to deliver</b> State the personnel who will deliver the various elements of the project and demonstrate the required technical capability to undertake this project, including past experience of delivering similar projects	<b>25%</b>
<b>Total weightings</b>	<b>100%</b>

### 3.4. Scoring

The following scoring scale will be used in evaluating Proposals. Scores by individual panel members may be modified through a moderation process across the whole evaluation panel.

Rating	Definition	Score
<b>EXCELLENT</b> significantly exceeds the criterion	Exceeds the criterion. Exceptional demonstration by the Respondent of the relevant ability, understanding, experience, skills, resource and quality measures required to meet the criterion. Proposal identifies factors that will offer potential added value, with supporting evidence.	<b>9-10</b>
<b>GOOD</b> exceeds the criterion in some aspects	Satisfies the criterion with minor additional benefits. Above average demonstration by the Respondent of the relevant ability, understanding, experience, skills, resource and quality measures required to meet the criterion. Proposal identifies factors that will offer potential added value, with supporting evidence.	<b>7-8</b>
<b>ACCEPTABLE</b> meets the criterion in full, but at a minimal level	Satisfies the criterion. Demonstration by the Respondent of the relevant ability, understanding, experience, skills, resource, and quality measures required to meet the criterion, with supporting evidence.	<b>5-6</b>
<b>MINOR RESERVATIONS</b> marginally deficient	Satisfies the criterion with minor reservations. Some minor reservations of the Respondent's relevant ability, understanding, experience, skills, resource and quality measures required to meet the criterion, with little or no supporting evidence.	<b>3-4</b>
<b>SERIOUS RESERVATIONS</b> significant issues that need to be addressed	Satisfies the criterion with major reservations. Considerable reservations of the respondent's relevant ability, understanding, experience, skills, resource and quality measures required to meet the criterion, with little or no supporting evidence.	<b>1-2</b>
<b>UNACCEPTABLE</b> significant issues not capable of being resolved	Does not meet the criterion. Does not comply and/or insufficient information provided to demonstrate that the Respondent has the ability, understanding, experience, skills, resource and quality measures required to meet the criterion, with little or no supporting evidence.	<b>0</b>

### 3.5. Price

We wish to obtain the best value-for-money over the whole-of-life of the Contract. This means achieving the right combination of fit for purpose, quality, on time delivery, quantity and price.

If a Respondent offers a price that is substantially lower than other Proposals (an abnormally low bid), the Buyer may seek to verify with the Respondent that the Respondent is capable of fully delivering all of the Requirements and meeting all of the conditions of the Proposed Contract for the price quoted.

### **3.6. Optional evaluation process and due diligence**

We may undertake the following process and due diligence in relation to shortlisted Respondents. The findings will be taken into account in the evaluation process. Should we decide to undertake any of these we will give shortlisted Respondents reasonable notice.

- a. reference check the Respondent organisation and named personnel
- b. other checks against the Respondent e.g. Companies Office
- c. interview Respondents
- d. request Respondents make a presentation

# SECTION 4: Pricing information

## 4.1. Pricing information to be provided by respondents

This RFP is a two-envelope tender process. As such, Respondents are to provide their price as a separate document when submitting their Proposal. In submitting the Price the Respondent must meet the following:

- a. Provide costs for each of the stages set out in section 2.7 “key outcomes”.
- b. The price is to show a breakdown of all costs, fees, expenses and charges associated with the full delivery of the Requirements over the whole-of-life of the Contract. It must also clearly state the total Contract price exclusive of GST.
- c. Where the price, or part of the price, is based on fee rates, all rates are to be specified, either hourly or daily or both as required.
- d. In preparing their Proposal, Respondents are to consider all risks, contingencies and other circumstances relating to the delivery of the Requirements and include adequate provision in the Proposal and pricing information to manage such risks and contingencies.
- e. Respondents are to document in their Proposal all assumptions and qualifications made about the delivery of the Requirements, including in the financial pricing information. Any assumption that the Buyer or a third party will incur any cost related to the delivery of the Requirements is to be stated, and the cost estimated if possible.
- f. Prices should be tendered in NZ\$. Unless otherwise agreed, the Buyer will arrange contractual payments in NZ\$.
- g. Where two or more Respondents intend to lodge a joint or consortium Proposal the pricing schedule is to include all costs, fees, expenses and charges chargeable by all Respondents.



# SECTION 5: Our Proposed Contract

## 5.1. Proposed Contract

See attached to this RFP the Proposed Contract that we intend to use for the purchase and delivery of the Requirements. Please note, if you have an existing Head Agreement with the Ministry that covers the scope of the Requirements, then that form of contract should be considered the Proposed Contract for the purposes of your Proposal unless advised otherwise by the Ministry.

# SECTION 6: RFP Process, Terms and Conditions

## Note to suppliers and Respondents

- In managing this procurement the Buyer will endeavour to act fairly and reasonably in all of its dealings with interested suppliers and Respondents, and to follow due process which is open and transparent.
- This section contains the government's standard RFP Process, Terms and Conditions (shortened to RFP-Terms) which apply to this procurement. Any variation to the RFP-Terms will be recorded in Section 1, [paragraph 1.6](#). Check to see if any changes have been made for this RFP.
- Words and phrases that have a special meaning are shown by the use of capitals e.g. Respondent, which means '*a person, organisation, business or other entity that submits a Proposal in response to the RFP. The term Respondent includes its officers, employees, contractors, consultants, agents and representatives. The term Respondent differs from a supplier, which is any other business in the market place that does not submit a Proposal.*' [Definitions](#) are at the end of this section.
- If you have any questions about the RFP-Terms please email our [Point of Contact](#).

## Standard RFP process



### Preparing and submitting a proposal

#### 6.1 Preparing a Proposal

- a. Respondents are to use the Response Form provided and include all information requested by the Buyer in relation to the RFP.
- b. By submitting a Proposal the Respondent accepts that it is bound by the RFP Process, Terms and Conditions (RFP-Terms) contained in Section 6 (as varied by Section 1, paragraph 1.6, if applicable).
- c. Each Respondent will:
  - i. examine the RFP and any documents referenced in the RFP and any other information provided by the Buyer
  - ii. consider all risks, contingencies and other circumstances relating to the delivery of the Requirements and include adequate provision in its Proposal to manage such risks and contingencies
  - iii. document in its Proposal all assumptions and qualifications made about the delivery of the Requirements, including any assumption that the Buyer or a third party will deliver any aspect of the Requirements or incur any cost related to the delivery of the Requirements
  - iv. ensure that pricing information is quoted in NZ\$ exclusive of GST
  - v. if appropriate, obtain independent advice before submitting a Proposal
  - vi. satisfy itself as to the correctness and sufficiency of its Proposal, including the proposed pricing and the sustainability of the pricing.
- d. There is no expectation or obligation for Respondents to submit Proposals in response to the RFP solely to remain on any prequalified or registered supplier list. Any Respondent on such a list will not be penalised for failure to submit a Proposal.

## 6.2 Offer Validity Period

- a. Proposals are to remain valid and open for acceptance by the Buyer for the Offer Validity Period.



## 6.3 Respondents' Deadline for Questions

- a. Each Respondent should satisfy itself as to the interpretation of the RFP. If there is any perceived ambiguity or uncertainty in the RFP document/s Respondents should seek clarification before the Deadline for Questions.
- b. All requests for clarification must be made by email to the Buyer's Point of Contact. The Buyer will endeavour to respond to requests in a timely manner, but not later than the deadline for the Buyer to answer Respondents' questions in Section 1, paragraph 1.2.a, if applicable.
- c. If the Buyer considers a request to be of sufficient importance to all Respondents it may provide details of the question and answer to other Respondents. In doing so the Buyer may summarise the Respondent's question and will not disclose the Respondent's identity. The question and answer may be posted on GETS and/or emailed to participating Respondents. A Respondent may withdraw a request at any time.
- d. In submitting a request for clarification a Respondent is to indicate, in its request, any information that is commercially sensitive. The Buyer will not publish such commercially sensitive information. However, the Buyer may modify a request to eliminate such commercially sensitive information, and publish this and the answer where the Buyer considers it of general significance to all Respondents. In this case, however, the Respondent will be given an opportunity to withdraw the request or remove the commercially sensitive information.



## 6.4 Submitting a Proposal

- a. Each Respondent is responsible for ensuring that its Proposal is received by the Buyer at the correct address on or before the Deadline for Proposals. The Buyer will acknowledge receipt of each Proposal.
- b. The Buyer intends to rely on the Respondent's Proposal and all information provided by the Respondent (e.g. correspondence and negotiations). In submitting a Proposal and communicating with the Buyer each Respondent should check that all information it provides to the Buyer is:
  - i. true, accurate and complete, and not misleading in any material respect
  - ii. does not contain Intellectual Property that will breach a third party's rights.
- c. Where the Buyer requires the Proposal to be delivered in hard and soft copies, the Respondent is responsible for ensuring that both the hard and soft copies are identical.
- d. Where the Buyer stipulates a two envelope RFP process the following applies:
  - i. each Respondent must ensure that all financial information and pricing components of its Proposal are provided separately from the remainder of its Proposal
  - ii. financial information and pricing must be contained either in a separate sealed envelope or as a separate soft copy file (whichever option has been requested by the Buyer)
  - iii. the pricing information must be clearly marked 'Financial and Pricing Information.' This is to ensure that the pricing information cannot be viewed when the package containing the other elements of the Proposal is opened.



## Assessing Proposals

### 6.5 Evaluation panel

- a. The Buyer will convene an evaluation panel comprising members chosen for their relevant expertise and experience. In addition, the Buyer may invite independent advisors to evaluate any Proposal, or any aspect of any Proposal.

### 6.6 Third party information

- a. Each Respondent authorises the Buyer to collect additional information, except commercially sensitive pricing information, from any relevant third party (such as a referee or a previous or existing client) and to use that information as part of its evaluation of the Respondent's Proposal.
- b. Each Respondent is to ensure that all referees listed in support of its Proposal agree to provide a reference.
- c. To facilitate discussions between the Buyer and third parties each Respondent waives any confidentiality obligations that would otherwise apply to information held by a third party, with the exception of commercially sensitive pricing information.



### 6.7 Buyer's clarification

- a. The Buyer may, at any time, request from any Respondent clarification of its Proposal as well as additional information about any aspect of its Proposal. The Buyer is not required to request the same clarification or information from each Respondent.
- b. The Respondent must provide the clarification or additional information in the format requested. Respondents will endeavour to respond to requests in a timely manner. The Buyer may take such clarification or additional information into account in evaluating the Proposal.
- c. Where a Respondent fails to respond adequately or within a reasonable time to a request for clarification or additional information, the Buyer may cease evaluating the Respondent's Proposal and may eliminate the Proposal from the RFP process.



### 6.8 Evaluation and shortlisting

- a. The Buyer will base its initial evaluation on the Proposals submitted in response to the RFP. The Buyer may adjust its evaluation of a Proposal following consideration of any clarification or additional information as described in paragraphs 6.6 and 6.7.
- b. In deciding which Respondent/s to shortlist the Buyer will take into account the results of the evaluations of each Proposal and the following additional information:
  - i. each Respondent's understanding of the Requirements, capability to fully deliver the Requirements and willingness to meet the terms and conditions of the Proposed Contract
  - ii. except where the price is the only criterion, the best value-for-money over the whole-of-life of the goods or services.
- c. In deciding which Respondent/s, to shortlist the Buyer may take into account any of the following additional information:
  - i. the results from reference checks, site visits, product testing and any other due diligence
  - ii. the ease of contracting with a Respondent based on that Respondent's feedback on the Proposed Contract (where these do not form part of the weighted criteria)
  - iii. any matter that materially impacts on the Buyer's trust and confidence in the Respondent
  - iv. any other relevant information that the Buyer may have in its possession.

- d. The Buyer will advise Respondents if they have been shortlisted or not. Being shortlisted does not constitute acceptance by the Buyer of the Respondent's Proposal, or imply or create any obligation on the Buyer to enter into negotiations with, or award a Contract for delivery of the Requirements to any shortlisted Respondent/s. At this stage in the RFP process the Buyer will not make public the names of the shortlisted Respondents.



## 6.9 Negotiations

- a. The Buyer may invite a Respondent to enter into negotiations with a view to contract. Where the outcome is unsatisfactory the Buyer may discontinue negotiations with a Respondent and may then initiate negotiations with another Respondent.
- b. The Buyer may initiate concurrent negotiations with more than one Respondent. In concurrent negotiations the Buyer will treat each Respondent fairly, and:
  - i. prepare a negotiation plan for each negotiation
  - ii. advise each Respondent, that it wishes to negotiate with, that concurrent negotiations will be carried out
  - iii. hold separate negotiation meetings with each Respondent.
- c. Each Respondent agrees that any legally binding contract entered into between the Successful Respondent and the Buyer will be essentially in the form set out in Section 5, the Proposed Contract.



## 6.10 Respondent's debrief

- a. At any time after shortlisting Respondents the Buyer will offer all Respondents who have not been shortlisted a debrief. Each Respondent will have 30 Business Days, from the date of offer, to request a debrief. When a Respondent requests a debrief, the Buyer will provide the debrief within 30 Business Days of the date of the request, or of the date the Contract is signed, whichever is later.
- b. The debrief may be provided by letter, email, phone or at a meeting. The debrief will:
  - i. provide the reasons why the Proposal was or was not successful
  - ii. explain how the Proposal performed against the pre-conditions (if applicable) and the evaluation criteria
  - iii. indicate the Proposal's relative strengths and weaknesses
  - iv. explain, in general terms, the relative advantage/s of the successful Proposal
  - v. seek to address any concerns or questions from the Respondent
  - vi. seek feedback from the Respondent on the RFP and the RFP process.



## 6.11 Notification of outcome

- a. At any point after conclusion of negotiations, but no later than 30 Business Days after the date the Contract is signed, the Buyer will inform all unsuccessful Respondents of the name of the Successful Respondent, if any. The Buyer may make public the name of the Successful Respondent and any unsuccessful Respondent. Where applicable, the Buyer will publish a Contract Award Notice on GETS.



## 6.12 Issues and complaints

- a. A Respondent may, in good faith, raise with the Buyer any issue or complaint about the RFP, or the RFP process at any time.
- b. The Buyer will consider and respond promptly and impartially to the Respondent's issue or complaint.
- c. Both the Buyer and Respondent agree to act in good faith and use their best endeavours to resolve any issue or complaint that may arise in relation to the RFP.
- d. The fact that a Respondent has raised an issue or complaint is not to be used by the Buyer to unfairly prejudice the Respondent's ongoing participation in the RFP process or future contract opportunities.



## Standard RFP conditions

### 6.13 Buyer's Point of Contact

- a. All enquiries regarding the RFP must be directed by email to the Buyer's Point of Contact. Respondents must not directly or indirectly approach any representative of the Buyer, or any other person, to solicit information concerning any aspect of the RFP.
- b. Only the Point of Contact, and any authorised person of the Buyer, are authorised to communicate with Respondents regarding any aspect of the RFP. The Buyer will not be bound by any statement made by any other person.
- c. The Buyer may change the Point of Contact at any time. The Buyer will notify Respondents of any such change. This notification may be posted on GETS or sent by email.
- d. Where a Respondent has an existing contract with the Buyer then business as usual communications, for the purpose of managing delivery of that contract, will continue using the usual contacts. Respondents must not use business as usual contacts to lobby the Buyer, solicit information or discuss aspects of the RFP.

### 6.14 Conflict of Interest

- a. Each Respondent must complete the Conflict of Interest declaration in the Response Form and must immediately inform the Buyer should a Conflict of Interest arise during the RFP process. A material Conflict of Interest may result in the Respondent being disqualified from participating further in the RFP.

### 6.15 Ethics

- a. Respondents must not attempt to influence or provide any form of personal inducement, reward or benefit to any representative of the Buyer in relation to the RFP.
- b. A Respondent who attempts to do anything prohibited by paragraphs 6.13.a. and d. and 6.15.a. may be disqualified from participating further in the RFP process.
- c. The Buyer reserves the right to require additional declarations, or other evidence from a Respondent, or any other person, throughout the RFP process to ensure probity of the RFP process.

### 6.16 Anti-collusion and bid rigging

- a. Respondents must not engage in collusive, deceptive or improper conduct in the preparation of their Proposals or other submissions or in any discussions or negotiations with the Buyer. Such behaviour will result in the Respondent being disqualified from participating further in the RFP process. In submitting a Proposal the Respondent warrants that its Proposal has not been prepared in collusion with a Competitor.
- b. The Buyer reserves the right, at its discretion, to report suspected collusive or anti-competitive conduct by Respondents to the appropriate authority and to give that authority all relevant information including a Respondent's Proposal.

### 6.17 Confidential Information

- a. The Buyer and Respondent will each take reasonable steps to protect Confidential Information and, subject to paragraph 6.17.c. and without limiting any confidentiality undertaking agreed between them, will not disclose Confidential Information to a third party without the other's prior written consent.
- b. The Buyer and Respondent may each disclose Confidential Information to any person who is directly involved in the RFP process on its behalf, such as officers, employees, consultants, contractors, professional advisors, evaluation panel members, partners, principals or directors, but only for the purpose of participating in the RFP.
- c. Respondents acknowledge that the Buyer's obligations under paragraph 6.17.a. are subject to requirements imposed by the Official Information Act 1982 (OIA), the Privacy Act 1993, parliamentary and constitutional convention and any other obligations imposed



by law. The Buyer will not be in breach of its obligations if Confidential Information is disclosed by the Buyer to the appropriate authority because of suspected collusive or anti-competitive tendering behaviour. Where the Buyer receives an OIA request that relates to a Respondent's Confidential Information the Buyer will consult with the Respondent and may ask the Respondent to explain why the information is considered by the Respondent to be confidential or commercially sensitive.

#### **6.18 Confidentiality of RFP information**

- a. For the duration of the RFP, to the date of the announcement of the Successful Respondent, or the end of the RFP process, the Respondent agrees to keep the RFP strictly confidential and not make any public statement to any third party in relation to any aspect of the RFP, the RFP process or the award of any Contract without the Buyer's prior written consent.
- b. A Respondent may disclose RFP information to any person described in paragraph 6.17.b. but only for the purpose of participating in the RFP. The Respondent must take reasonable steps to ensure that such recipients do not disclose Confidential Information to any other person or use Confidential Information for any purpose other than responding to the RFP.

#### **6.19 Costs of participating in the RFP process**

2. Each Respondent will meet its own costs associated with the preparation and presentation of its Proposal and any negotiations.

#### **6.20 Ownership of documents**

- a. The RFP and its contents remain the property of the Buyer. All Intellectual Property rights in the RFP remain the property of the Buyer or its licensors. The Buyer may request the immediate return or destruction of any or all RFP documents and any copies. Respondents must comply with any such request in a timely manner.
- b. All documents forming the Proposal will, when delivered to the Buyer, become the property of the Buyer. Proposals will not be returned to Respondents at the end of the RFP process.
- c. Ownership of Intellectual Property rights in the Proposal remain the property of the Respondent or its licensors. However, the Respondent grants to the Buyer a non-exclusive, non-transferable, perpetual licence to retain, use, copy and disclose information contained in the Proposal for any purpose related to the RFP process.

#### **6.21 No binding legal relations**

- a. Neither the RFP, nor the RFP process, creates a process contract or any legal relationship between the Buyer and any Respondent, except in respect of:
  - i. the Respondent's declaration in its Proposal
  - ii. the Offer Validity Period
  - iii. the Respondent's statements, representations and/or warranties in its Proposal and in its correspondence and negotiations with the Buyer
  - iv. the Evaluation Approach to be used by the Buyer to assess Proposals as set out in Section 3 and in the RFP-Terms (as varied by Section 1, paragraph 1.6, if applicable)
  - v. the standard RFP conditions set out in paragraphs 6.13 to 6.26
  - vi. any other matters expressly described as binding obligations in Section 1, paragraph 1.6.
- b. Each exception in paragraph 6.21.a. is subject only to the Buyer's reserved rights in paragraph 6.23.
- c. Except for the legal obligations set out in paragraph 6.21.a. no legal relationship is formed between the Buyer and any Respondent unless and until a Contract is entered into between those parties.



## 6.22 Elimination

- a. The Buyer may exclude a Respondent from participating in the RFP if the Buyer has evidence of any of the following, and is considered by the Buyer to be material to the RFP:
  - i. the Respondent has failed to provide all information requested, or in the correct format, or materially breached a term or condition of the RFP
  - ii. the Proposal contains a material error, omission or inaccuracy
  - iii. the Respondent is in bankruptcy, receivership or liquidation
  - iv. the Respondent has made a false declaration
  - v. there is a serious performance issue in a historic or current contract delivered by the Respondent
  - vi. the Respondent has been convicted of a serious crime or offence
  - vii. there is professional misconduct or an act or omission on the part of the Respondent which adversely reflects on the integrity of the Respondent
  - viii. the Respondent has failed to pay taxes, duties or other levies
  - ix. the Respondent represents a threat to national security or the confidentiality of sensitive government information
  - x. the Respondent is a person or organisation designated as a terrorist by New Zealand Police.

## 6.23 Buyer's additional rights

- a. Despite any other provision in the RFP the Buyer may, on giving due notice to Respondents:
  - i. amend, suspend, cancel and/or re-issue the RFP, or any part of the RFP
  - ii. make any material change to the RFP (including any change to the timeline, Requirements or Evaluation Approach) on the condition that Respondents are given a reasonable time within which to respond to the change.
- b. Despite any other provision in the RFP the Buyer may:
  - i. accept a late Proposal if it is the Buyer's fault that it is received late
  - ii. in exceptional circumstances, accept a late Proposal where it considers that there is no material prejudice to other Respondents. The Buyer will not accept a late Proposal if it considers that there is risk of collusion on the part of a Respondent, or the Respondent may have knowledge of the content of any other Proposal
  - iii. in exceptional circumstances, answer a question submitted after the Deadline for Questions, if applicable
  - iv. accept or reject any Proposal, or part of a Proposal
  - v. accept or reject any non-compliant, non-conforming or alternative Proposal
  - vi. decide not to accept the lowest priced conforming Proposal unless this is stated as the Evaluation Approach
  - vii. decide not to enter into a Contract with any Respondent
  - viii. liaise or negotiate with any Respondent without disclosing this to, or doing the same with, any other Respondent
  - ix. provide or withhold from any Respondent information in relation to any question arising in relation to the RFP. Information will usually only be withheld if it is deemed unnecessary, is commercially sensitive to a Respondent, is inappropriate to supply at the time of the request or cannot be released for legal reasons
  - x. amend the Proposed Contract at any time, including during negotiations with a shortlisted Respondent





- xi. waive irregularities or requirements in or during the RFP process where it considers it appropriate and reasonable to do so.
- c. The Buyer may request that a Respondent/s agrees to the Buyer:
  - i. selecting any individual element/s of the Requirements that is offered in a Proposal and capable of being delivered separately, unless the Proposal specifically states that the Proposal, or elements of the Proposal, are to be taken collectively
  - ii. selecting two or more Respondents to deliver the Requirements as a joint venture or consortium.

#### **6.24 New Zealand law**

- a. The laws of New Zealand shall govern the RFP and each Respondent agrees to submit to the exclusive jurisdiction of the New Zealand courts in respect of any dispute concerning the RFP or the RFP process.

#### **6.25 Disclaimer**

- a. The Buyer will not be liable in contract, tort, equity, or in any other way whatsoever for any direct or indirect damage, loss or cost incurred by any Respondent or any other person in respect of the RFP process.
- b. Nothing contained or implied in the RFP, or RFP process, or any other communication by the Buyer to any Respondent shall be construed as legal, financial or other advice. The Buyer has endeavoured to ensure the integrity of such information. However, it has not been independently verified and may not be updated.
- c. To the extent that liability cannot be excluded, the maximum aggregate liability of the Buyer, its agents and advisors is \$1.

### **7 Precedence**

- a. Any conflict or inconsistency in the RFP shall be resolved by giving precedence in the following descending order:
  - i. Section 1, paragraph 1.6
  - ii. Section 6 (RFP-Terms)
  - iii. all other Sections of this RFP document
  - iv. any additional information or document provided by the Buyer to Respondents through the Buyer's Point of Contact or GETS.
- b. If there is any conflict or inconsistency between information or documents having the same level of precedence the later information or document will prevail.

# Definitions

In relation to the RFP the following words and expressions have the meanings described below.

<b>Advance Notice</b>	A notice published by the buyer on GETS in advance of publishing the RFP. An Advance Notice alerts the market to a contract opportunity. Where used, an Advance Notice forms part of the RFP.
<b>Business Day</b>	Any week day in New Zealand, excluding Saturdays, Sundays, New Zealand (national) public holidays and all days from Boxing Day up to and including the day after New Year's Day.
<b>Buyer</b>	The Buyer is the government agency that has issued the RFP with the intent of purchasing the goods or services described in the Requirements. The term Buyer includes its officers, employees, contractors, consultants, agents and representatives.
<b>Competitors</b>	Any other business that is in competition with a Respondent either in relation to the goods or services sought under the RFP or in general.
<b>Confidential Information</b>	<p>Information that:</p> <ul style="list-style-type: none"> <li>a. is by its nature confidential</li> <li>b. is marked by either the Buyer or a Respondent as 'confidential', 'commercially sensitive', 'sensitive', 'in confidence', 'top secret', 'secret', 'classified' and/or 'restricted'</li> <li>c. is provided by the Buyer, a Respondent, or a third party in confidence</li> <li>d. the Buyer or a Respondent knows, or ought to know, is confidential.</li> </ul> <p>Confidential information does not cover information that is in the public domain through no fault of either the Buyer or a Respondent.</p>
<b>Conflict of Interest</b>	<p>A Conflict of Interest arises if a Respondent's personal or business interests or obligations do, could, or be perceived to, conflict with its obligations to the Buyer under the RFP or in the provision of the goods or services. It means that the Respondent's independence, objectivity or impartiality can be called into question. A Conflict of Interest may be:</p> <ul style="list-style-type: none"> <li>a. actual: where the conflict currently exists</li> <li>b. potential: where the conflict is about to happen or could happen, or</li> <li>c. perceived: where other people may reasonably think that a person is compromised.</li> </ul>
<b>Contract</b>	The written Contract/s entered into by the Buyer and Successful Respondent/s for the delivery of the Requirements.
<b>Contract Award Notice</b>	Government Rules of Sourcing, Rule 45 requires a Buyer to publish a Contract Award Notice on GETS when it has awarded a contract that is subject to the Rules.
<b>Deadline for Proposals</b>	The deadline that Proposals are to be delivered or submitted to the Buyer as stated in Section 1, paragraph 1.2.
<b>Deadline for Questions</b>	The deadline for suppliers to submit questions to the Buyer as stated in Section 1, paragraph 1.2, if applicable.
<b>Evaluation Approach</b>	The approach used by the Buyer to evaluate Proposals as described in Section 3 and in Section 6 (as varied by Section 1, paragraph 1.6, if applicable).
<b>GETS</b>	Government Electronic Tenders Service available at <a href="http://www.gets.govt.nz">www.gets.govt.nz</a>

<b>GST</b>	The goods and services tax payable in accordance with the New Zealand Goods and Services Tax Act 1985.
<b>Intellectual Property</b>	All intellectual property rights and interests, including copyright, trademarks, designs, patents and other proprietary rights, recognised or protected by law.
<b>Offer Validity Period</b>	The period of time when a Proposal (offer) is held open by the Respondent for acceptance by the Buyer as stated in Section 1, paragraph 1.6.
<b>Point of Contact</b>	The Buyer and each Respondent are required to appoint a Point of Contact. This is the channel to be used for all communications during the RFP process. The Buyer's Point of Contact is identified in Section 1, paragraph 1.3. The Respondent's Point of Contact is identified in its Proposal.
<b>Price</b>	The total amount, including all costs, fees, expenses and charges, to be charged by the Successful Respondent for the full delivery of the Requirements. Each Respondent's Proposal must include its Price.
<b>Proposal</b>	The response a Respondent submits in reply to the RFP. It comprises the Response Form, the Respondent's bid, financial and pricing information and all other information submitted by a Respondent.
<b>Proposed Contract</b>	The Contract terms and conditions proposed by the Buyer for the delivery of the Requirements as described in Section 5.
<b>RFP</b>	Means the Request for Proposal.
<b>Registration of Interest</b>	A formal request by a Buyer asking potential suppliers to register their interest in a procurement. It is the first step in a multi-step tender process.
<b>Request for Proposal (RFP)</b>	The RFP comprises the Advance Notice (where used), the Registration of Interest (where used), this RFP document (including the RFP-Terms) and any other schedule, appendix or document attached to this RFP, and any subsequent information provided by the Buyer to Respondents through the Buyer's Point of Contact or GETS.
<b>RFP-Terms</b>	Means the Request for Proposal - Process, Terms and Conditions as described in Section 6.
<b>RFP Process, Terms and Conditions (shortened to RFP-Terms)</b>	The government's standard process, terms and conditions that apply to RFPs as described in Section 6. These may be varied at the time of the release of the RFP by the Buyer in Section 1, paragraph 1.6. These may be varied subsequent to the release of the RFP by the Buyer on giving notice to Respondents.
<b>Requirements</b>	The goods and/or services described in Section 2 which the Buyer intends to purchase.
<b>Respondent</b>	A person, organisation, business or other entity that submits a Proposal in response to the RFP. The term Respondent includes its officers, employees, contractors, consultants, agents and representatives. The term Respondent differs from a supplier, which is any other business in the market place that does not submit a Proposal.
<b>Response Form</b>	The form and declaration prescribed by the Buyer and used by a Respondent to respond to the RFP, duly completed and submitted by a Respondent as part of the Proposal.
<b>Successful Respondent</b>	Following the evaluation of Proposals and successful negotiations, the Respondent/s who is awarded a Contract/s to deliver all or part of the Requirements.

### **Appendix 3**

#### **Interim Climate Change Committee's Submission on the Climate Change Response (Zero Carbon) Amendment Bill**



**Submission to:** The Environment Committee,  
NZ Parliament

**On:** The Climate Change Response  
(Zero Carbon) Amendment Bill

Level 1, Environment House  
23 Kate Sheppard Place

PO Box 10362  
Wellington 6143

**By:** The Interim Climate Change Committee

## Introduction

1. The Interim Climate Change Committee (ICCC) was established as a precursor to the Climate Change Commission.
2. The ICCC is a Ministerial Advisory Committee currently comprising:
  - a. Chair: Dr David Prentice
  - b. Deputy Chair: Lisa Tumahai
  - c. Dr Keith Turner
  - d. Dr Jan Wright
  - e. Dr Harry Clark
3. Short descriptions of each ICCC member are attached in Appendix A. The ICCC also included Dr Suzi Kerr, as a special advisor, up until 30 April 2019.

## Our mandate and work

4. The ICCC's work is directed through Terms of Reference set by the Minister for Climate Change.<sup>1</sup>
5. The original Terms of Reference required the ICCC to prepare two reports. These reports: ***Action on agriculture emissions***, and ***Accelerated electrification*** were handed over to Minister Shaw on 30 April 2019. Both reports were released for consultation by the Government on 16 July 2019, along with the Government's response to the recommendations made by the ICCC.
6. The Terms of Reference were updated in March 2019 with the addition of a requirement to deliver *"evidence and analysis of plausible pathways to, and any elements of, the 2050 emissions reduction target(s), to support the advice required of the Climate Change Commission (the Commission) shortly after its establishment."*
7. In May 2019 the ICCC wrote to the Minister to advise how it was approaching the plausible pathways work, and the Minister responded to affirm the approach.<sup>2</sup>
8. In this context, the ICCC has begun to plan for the work required to prepare emissions budgets and emissions reduction plans, as would be required by Clause 8 of the Bill.

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<sup>1</sup> The current Terms of Reference are available at: <https://www.iccc.mfe.govt.nz/who-we-are/terms-of-reference/>.

<sup>2</sup> Both letters are available at: <https://www.iccc.mfe.govt.nz/our-news/updates-from-the-chair/iccc-work-programme-from-1-may-2019/>.

## Our experience

9. The ICCC's role is to provide independent, expert advice. In making this submission, we hope to provide particular insight on the provisions of the Bill based on our experience as an independent committee. We have considered how the Bill as written would have influenced how we prepared our advice; and, in light of this, how provisions of the Bill could influence the Climate Change Commission in delivering its advice. Thus, our submission is focused on the provisions of the Bill that deal with practical aspects of the Commission's role.

10. We believe the following key factors were critical to preparing our reports on agricultural emissions and electricity in a tight timeframe:

**a. Independence and Trust.**

The independence of the committee meant that we were free to undertake the work in the way we best saw fit. It also meant that we were able to act in a politically impartial way. This is critical because climate change is an issue that must transcend political cycles.

**b. Proactive Engagement.**

We established challenge and review groups, worked with iwi/Māori through an engagement strategy, and engaged regularly across sectors to ensure we both updated stakeholders on our thinking and sought feedback.

**c. Credible analysis using the best tools.**

Preparing robust advice on electricity and agriculture required extensive analytical work, along with proactive engagement. This included obtaining a wide range of data and other information, commissioning modelling, consulting experts, analysing policy options, and considering a broad range of social, economic and environmental dimensions. We were able to be agile – adjusting, prioritising, and pursuing aspects as required.

**d. A committee of experts**

Shaping our advice required judgment. We were greatly aided as a committee by our collective analytical expertise and in-depth knowledge, and the independently-minded nature of members. We did not see ourselves as representing particular sectors or interests, but as a team of experts collectively scrutinising the evidence and analysis, and making expert judgements. We continually challenged the evidence and each other.

11. These factors will also be critical to the success of the Climate Change Commission.

12. Throughout the process of preparing our two reports, we heard strong pleas for leadership to guide the movement towards 'zero carbon'. Across business, NGOs, iwi/Māori, and agriculture, we heard a desire for action in a way that delivers greater investment certainty, and careful consideration of how and where impacts and opportunities would fall. We found strong support for the establishment of an entity insulated from changes in political agendas which can provide a robust and credible evidence base, analysis and advice on climate change impacts and responses.
13. We therefore unequivocally support the establishment of a Commission, as an Independent Crown Entity to provide independent, expert advice to the Government as described in clause 8 (new section 5B).



# Our submission

14. The initial work the Bill requires the Climate Change Commission to do is to prepare three emissions budgets and an emissions reductions plan by February 2021. The preparation of emissions budgets for New Zealand will require analysis of virtually all sectors of the economy, as well as analysis of the interactions between them. This is no small task and will take considerable time and resource.
15. Sectoral analysis will require obtaining a great range of technical information, and the use of different modelling techniques to develop possible mitigation pathways. Some models will already be available, such as that used by the ICCC to inform its report on electricity. Other models will need to be developed. Putting these sectoral analyses together will require the development of an economy-wide model, and the ICCC has begun work preparing for this.
16. It is therefore important to consider the practical implications of the Bill for the Commission's ability to do its work. We believe five areas need careful consideration:
  - a. Timeframes for advice
  - b. Obtaining information
  - c. Institutional competence and exercising judgment
  - d. Discretion on engagement and consultation
  - e. Conferral of incidental powers.

## Timeframes for advice

17. The Bill contains a deadline of 1 February 2021 for the Climate Change Commission to advise on three emissions budgets and the direction for the first emissions reduction plan. The Commission is expected to be established late this year, and, in effect, will only have a year to prepare these pieces of advice. Despite the preparatory work being done by the ICCC and its secretariat, this timeframe is extremely challenging.
18. The Bill also contains a deadline of 31 December 2021 for the Minister to set the first three emissions budgets and emissions reduction plan (with supporting policies and strategies) – 11 months after receiving the Commission’s advice.
19. It will be a major task for the Government to turn the Commission’s advice on the first emissions reduction plan into a much more detailed suite of policies and strategies to achieve it. However, the task of the Minister in responding to the Commission and setting the emissions budgets should be simpler, unless the Minister chooses to substantially depart from the Commission’s advice.
20. To best enable delivery of high-quality budgets and plan in a short timeframe, the Environment Committee could extend the date for the Commission’s initial pieces of advice to 1 June 2021.
21. For comparison, the UK Committee on Climate Change took 18 months to prepare its first report (three emissions budgets) from when it was first set up in shadow form. It was aided by existing data and modelling tools being largely fit-for-purpose in the UK.
22. There is a more general risk of overloading the Commission – particularly in its first year. For instance, there are proposals for the Commission to give advice on the fraught issue of the methane target early in 2020, and to advise on technical ETS settings currently being developed by the Ministry for the Environment. The Commission will not be able to perform miracles and overloading it will risk damaging its credibility.
23. Finally, we also suggest the Environment Committee consider placing a time limit on when an application for judicial review can be filed to ensure that the timeframe for the Commission’s advice, and the Government’s decisions on its advice, are not unduly delayed. Other legislation includes such time limits for legal challenge of time-sensitive matters.<sup>3</sup>
- 24. We recommend that the Environment Committee considers:**
  - a. adjusting the timeframe for the Commission’s advice on initial emissions budgets and reduction plan to 1 June 2021;**
  - b. ensuring that the Commission is not given any additional tasks prior to this date; and**
  - c. adding a clause that sets a time limit for lodging judicial review applications.**

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<sup>3</sup> Two examples are: a 30 day time limit on judicial review of aquaculture decisions under the Fisheries Act 1996 section 186J; and a 28 day time limit in the Immigration Act 2009 section 247.

## Obtaining information

25. The quality of analysis that the Climate Change Commission is able to undertake will depend on what information it has available. It will take time to find and obtain data and models from different government agencies. The private sector will also hold useful information.
26. The Bill is silent on how the Commission will gain access to necessary information. If memoranda of understanding or information sharing arrangements with relevant agencies to access these data and models are required, these will take time to establish and will not necessarily be permanent arrangements.
27. The Bill should be amended to include an information gathering provision, including access to public and privately held information, and official statistics. Examples of similar powers held by other agencies include the New Zealand Productivity Commission, the Auditor General, the Children’s Commissioner, and the Parliamentary Commissioner for the Environment.<sup>4</sup>
28. Such a power should be accompanied by a “duty of secrecy” – an obligation to protect confidential and sensitive information received.
29. The Bill proposes, in clause 10, to include the Climate Change Commission under the obligations to maintain confidentiality of section 99 of the Act. These obligations currently apply to the Environmental Protection Agency in relation to its regulatory role in administering the NZ Emissions Trading Scheme (under Parts 4 and 5 of the Act). The main purpose of section 99 is to protect specific emissions information that could be commercially sensitive.
30. Advisory agencies such as the Children’s Commissioner (an Independent Crown Entity) and the Parliamentary Commissioner for the Environment (an Officer of Parliament) have a different form of obligation – a duty to maintain secrecy, except where disclosure serves the statutory purposes of the agency.<sup>5</sup> This provides the agency with discretion to judge what should be released to serve the purposes of its Act, and what should not be released to protect confidential or sensitive information. This form is more appropriate for the Climate Change Commission as an advisory agency.
- 31. We recommend that the Environment Committee considers:**
- a. adding information gathering powers that enable the Commission to access both public and privately-held information, and official statistics; and**
  - b. replacing clause 10 with a duty of secrecy.**

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<sup>4</sup> New Zealand Productivity Commission Act 2010 section 15 Access to Statistical Information; Public Audit Act 2001 Part 4 Information-gathering powers and disclosure of information; Children’s Commissioner Act 2003 section 20 Special powers to call for information or documents; Environment Act 1986 section 19 Power to Obtain Information.

<sup>5</sup> Children’s Commissioner Act 2003 section 22 Commissioner and staff must maintain secrecy, and Environment Act 1986 section 20 Commissioner and staff to maintain secrecy, etc.

## Institutional competence and exercising judgment

32. The nature and complexity of climate change mean that the Climate Change Commission is expected to, and must be able to, use its judgment - including in forming independent, expert advice on emissions budgets and emissions reduction plans.
33. In that context, we consider that it would assist the Commission in meeting its responsibilities if those responsibilities, including the range of prescribed matters in the Bill, are set out as clearly and unambiguously as possible.
34. New sections 5L applies to all functions of the Commission, while 5Q, 5Z and 5ZN contain further lists of matters to be considered when advising on targets, budgets and risk assessments respectively. Some of these matters, especially as expressed in 5Z, are ambiguous, repetitive or unfocused. In contrast, section 10 of the UK Climate Change Act 2008 provides the UK Committee on Climate Change with a single clear set of matters to taken into account when advising on carbon budgets. See Appendix E.
- 35. We recommend that the Environment Committee considers refining and simplifying the range of prescribed matters and processes in the Bill, including any additions proposed by submitters, to ensure that the Bill only includes those that are both material and clear.**

## Discretion on engagement and consultation

36. The Bill, through new sections 5Z and 5ZE, obliges the Climate Change Commission to formally publicly consult on drafts of its advice on budgets and plans.
37. A primary purpose of engagement and consultation for the Commission will be to seek information or evidence relevant to what to consider in its independent, expert analysis and eventual advice. This input is likely to be best sought early and often, rather than through formal submissions on a draft report at a later stage in the process.
38. It is our experience that such proactive and regular engagement is invaluable, and we believe that it would assist the Commission to follow this model. This could include initiatives such as an online portal to receive evidence and ideas for consideration, regular discussion with umbrella stakeholder groups, sectoral stakeholder engagements, cross-sector forums, expert review and challenge groups, and hui with iwi/Māori. The Commission should not be prevented from undertaking public consultation where this is deemed appropriate, but our experience suggests that its nature should not be prescribed.
39. This approach is consistent with what has been taken in the UK, where the Climate Change Act 2008 does not prescribe the form of engagement and consultation required of the UK Committee on Climate Change, but leaves that to its judgment. In practice, the UK Committee uses a range of methods for ensuring it is aware of a breadth of evidence to inform its independent, expert advice. These include individual meetings with key stakeholders, roundtables, workshops, and focused calls for evidence, but do not include consulting publicly (or otherwise) on draft reports or emissions budgets.
40. The Commission will also need to be transparent, accessible and impartial in its engagement if it is to act independently and be accountable to the public. To this end, we will be recommending to the Commission that it publishes and regularly updates an engagement plan and register of engagements.
41. **We recommend that the Environment Committee considers revising clauses that prescribe the nature of the Commission's engagement and consultation, including:**
- a. **amending 5M to state:**  
***5M Engagement and consultation***  
***The Commission may—***
    - a) ~~**publish and invite submissions on discussion papers and draft reports**~~ ***engage and consult widely with New Zealanders, including relevant sector representatives, affected communities, and others; and***

- b) undertake any ~~other~~ type of engagement and consultation that it considers necessary for the performance of its functions and duties under this Act ;*
- b. amending 5Z(2)(b)(v), in relation to the Commission’s advice on emissions budgets, to state: *“the results of any engagement and ~~public~~ consultation on an emissions budget”*; and
- c. removing sub-clause (a) from 5ZE(3), in relation to the Commission’s advice on emissions reduction plans, so the clause mirrors the requirements of 5Z(2).

## Conferral of incidental powers

42. The UK Climate Change Act 2008 provides general ancillary powers to the UK Committee on Climate Change: ***“General ancillary powers (1) The Committee may do anything that appears to it necessary or appropriate for the purpose of, or in connection with, the carrying out of its functions.”***<sup>6</sup> Such general enabling powers are also common in New Zealand legislation for agencies with advisory powers. Two examples are the Legal Complaints Review Officer and the Parliamentary Commissioner for the Environment.<sup>7</sup>
43. The presence of such a provision not only helps a statutory body to carry out its statutory functions, but its presence would also help to prevent legal challenges that it lacked a lawful power to do something that it had judged was necessary or appropriate for carrying out its statutory functions. The inclusion of a provision of this nature in the Bill will help to ensure that the Climate Change Commission can efficiently and effectively carry out its work.
44. In particular, the Commission will need to undertake modelling in order to develop its advice. This may necessitate developing its own modelling tools over time, where the Commission judges that existing tools are not fit for purpose. The Bill should clearly enable the Commission to use and develop models in carrying out its functions.
45. **We recommend that the Environment Committee considers adding a provision that expressly confers incidental powers on the Commission to do anything it judges appropriate to carrying out its functions (including modelling), which could be achieved by inserting this clause:**
- 5JA General powers***
- The Commission may do anything that appears to it necessary or appropriate for the purpose of, or in connection with, the carrying out of its functions under this Act.***
- a) For the avoidance of doubt, this includes any use and development of modelling tools.***

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<sup>6</sup> UK Climate Change Act 2008 section 39 General ancillary powers.

<sup>7</sup> Lawyers and Conveyancers Act 2006 section 202 General powers; Environment Act 1986 section 18 Powers of the Commissioner.

# Appendix A - ICCC members:

## **Dr David Prentice (Chair)**

Dr Prentice was most recently the CEO and Managing Director of Opus International Consultants. He is Chair of Business New Zealand's Infrastructure sub-group, a member of the Institute of Directors, a Chartered Professional Engineer and a Fellow of Engineering New Zealand.

## **Ms Lisa Tumahai (Deputy Chair)**

Ms Tumahai is Kaiwhakahaere (Chairperson) of Te Rūnanga o Ngāi Tahu. The climate change work championed by Rūnanga across tribal assets, along with protecting and advancing collective interests of Iwi provide valuable insights for the Committee. As whanau member of Ngāti Waewae, Lisa is acutely aware of the challenges climate change presents for local communities. As Kaiwhakahaere Te Rūnanga o Ngāi Tahu, Lisa oversees the operations of Ngāi Tahu Farming, providing her with an understanding of agri-business as well as bringing strong relationships across the sector. Ms Tumahai brings knowledge and experience of te reo me ona tikanga, mātauranga Māori, Māori business and the Māori economy.

## **Dr Harry Clark**

Dr Clark is a New Zealand expert on agricultural greenhouse gas research, and is currently the Director of the New Zealand Agricultural Greenhouse Gas Research Centre, prior to which he headed up AgResearch's Climate, Land and Environment section. Harry also sits on a number of New Zealand and international government panels and committees and co-chairs the Livestock Research Group of the Global Research Alliance on Agricultural Greenhouse Gases.

## **Dr Jan Wright**

Dr Wright was New Zealand's third Parliamentary Commissioner for the Environment. She spent two terms as Commissioner, between 2007 and 2017, and has particular expertise in science, policy, and economics. In that role, she produced a number of reports on climate change issues, including agricultural emissions and sea level rise.

## **Dr Keith Turner**

Dr Turner has a background in energy, business and governance. He was CEO of Meridian Energy for many years, and more recently in governance roles, being Chair or Director of Fisher & Paykel Appliances, Auckland International Airport, Spark Infrastructure (Australia), South Australian Power Networks (Australia), Victoria Power Network (Australia) and Chorus. He brings a strong understanding of the energy sector to the Committee.

## **Dr Suzi Kerr (Term finished 30 April 2019)**

Dr Kerr is an internationally renowned expert in economics, climate change policy and emissions trading. As a former Senior Fellow at Motu Economic and Public Policy Research, and Adjunct Professor of Public Policy at Victoria University, she is also a regular participant in climate roundtables and has authored a number of papers on climate policy and emissions trading in New Zealand. Dr Kerr was a specialist advisor to the Committee.



# Appendix B

In the UK Climate Change Act 2008 there is one list of matters for the UK Climate Change Committee to consider:

## **10      *Matters to be taken into account in connection with carbon budgets***

*(1) The following matters must be taken into account—*

- (a) by the Secretary of State in coming to any decision under this Part relating to carbon budgets, and*
- (b) by the Committee on Climate Change in considering its advice in relation to any such decision.*

*(2) The matters to be taken into account are—*

- (a) scientific knowledge about climate change;*
- (b) technology relevant to climate change;*
- (c) economic circumstances, and in particular the likely impact of the decision on the economy and the competitiveness of particular sectors of the economy;*
- (d) fiscal circumstances, and in particular the likely impact of the decision on taxation, public spending and public borrowing;*
- (e) social circumstances, and in particular the likely impact of the decision on fuel poverty;*
- (f) energy policy, and in particular the likely impact of the decision on energy supplies and the carbon and energy intensity of the economy;*
- (g) differences in circumstances between England, Wales, Scotland and Northern Ireland;*
- (h) circumstances at European and international level;*
- (i) the estimated amount of reportable emissions from international aviation and international shipping for the budgetary period or periods in question.*



**Submission to:** The Environment Committee, NZ Parliament

**On:** The Climate Change Response (Zero Carbon)  
Amendment Bill

**By:** The Interim Climate Change Committee

## Supplementary submission from the ICCC

### Parent Agency of the Climate Change Commission

1. The Bill proposes that the Climate Change Commission be an Independent Crown Entity (ICE), under the responsibility of the Minister for Climate Change.
2. Some Crown entities have sector-specific roles that fit well with a sectoral parent agency. For example, the New Zealand Transport Agency (a Crown Agent) and the Civil Aviation Authority (an ICE) are responsible to the Minister of Transport, and funded through Vote Transport.<sup>1</sup>
3. In contrast, some Crown entities have roles that span across the responsibility areas of many government agencies. For example, the New Zealand Productivity Commission (an ICE) is responsible to the Minister of Finance, its parent agency is Treasury, and it is funded through Vote Finance.<sup>2</sup> This is appropriate because its mandate spans widely across all aspects of the economy and all sectors of government.
4. For the Climate Change Commission, the responsible Minister should clearly be the Minister of Climate Change. This Ministerial role was established in 2005 because climate change issues, and the responses required, are wide-ranging and far-reaching – to a much greater extent than any other aspect of environmental management.<sup>3</sup>
5. Like the Ministerial role, the Climate Change Commission's mandate spans widely across the economy and most sectors of government. Climate change is not just an environmental issue – it is more about how society and economy are organised, than about the environment itself. An effective response to climate change will need to affect all aspects of the economy and society.
6. It would therefore be appropriate for the Climate Change Commission to have the Treasury as its parent agency and be funded through Vote Finance. As a result, the Minister for Climate Change would then have two complementary responsibilities under Vote Finance – the Green Investment Fund, and the Climate Change Commission.

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1 Vote Transport, The Estimates of Appropriations 2019/20 - Economic Development and Infrastructure Sector B.5 Vol.1, page 153.

2 Vote Finance, The Estimates of Appropriations 2019/20 – Finance and Government Administration Sector B.5 Vol.5, page 25.

3 The position was initially called 'Minister responsible for Climate Change Issues' from 2005, became 'Minister for Climate Change Issues' in 2008 and simply 'Minister for Climate Change' in 2017.

7. In addition to being the best fit for the Commission's mandated tasks, there are other advantages to this arrangement. It clearly signals that climate change has implications across the economy, and that New Zealand is serious about moving the economy to a zero carbon future. It also fits with the move to establish frameworks to improve wellbeing that span New Zealand society and economy, and it would link the Commission with the Ministry that sits at the centre of the public service.
8. This change could be put into effect by adding a new clause to Part 1A which establishes the Commission and sets out its functions, duties and powers.
9. **We recommend that the Environment Committee considers adding a new clause (5NA) that provides for Part 1A to be administered by the Treasury. The new clause could record, for the avoidance of doubt, that the remainder of the Act is to be administered by the Ministry for the Environment (consistently with what is currently provided for in the Act).**

## Appendix 4

### Summary of Mike Thompson's secondment to the Interim Climate Change Committee from the UK Committee on Climate Change

Mike Thompson, Head of Carbon Budgets at the UK's [Committee on Climate Change](#) (CCC), joined the Interim Climate Change Committee (the Committee) on a six-week secondment over July and August 2019. While visiting the Committee he advised on the shape of the work programme based on the experience of the UK CCC.

Mr Thompson met with a range of people and organisations including:

- Hon James Shaw, Minister for Climate Change
- Hon Scott Simpson, Opposition Spokesperson for Climate Change
- David Seymour, ACT Leader
- National Party Caucus
- Ngai Tahu
- Department of Prime Minister and Cabinet
- The Treasury
- Department of Conservation
- Ministry for the Environment
- Ministry of Business, Innovation and Employment
- Energy, Efficiency and Conservation Authority
- Government Agencies' Climate Chief Executives
- Auckland Council
- Motu Economic and Public Policy Research Trust
- Generation Zero
- NZ Climate Action Network
- Capital Markets/Investment companies
- British High Commission

He also presented to the following groups:

- Cross-government officials
- Business New Zealand
- Motu Public Policy Seminar

Since returning to the UK, Mr Thompson has shared his reflections of his New Zealand experience. In his view, having an Act in place will help us move on from a discussion about ambition, to focusing on how to bring forward and implement policies to meet targets in a fair and equitable way. He reflected that the crucial thing to do is settle the political agreement and get the legislative framework in place to get there - the details can then follow.

Mr Thompson presented to the Environment Select Committee on the Zero Carbon Bill and his written submission is Appendix 5. The key points from this are:

- New Zealand is not alone in considering a net-zero target
- The framework set out in the Zero Carbon Bill is a good way to deliver a net-zero target
- It's not as hard or as expensive as you might think.

## **Appendix 5**

**Submission on the Climate Change Response (Zero Carbon) Amendment Bill from Mike Thompson,  
Head of Carbon Budgets, UK Committee on Climate Change**

**Submission to:** The Environment Select Committee

**On:** The Climate Change Response (Zero Carbon) Amendment Bill 2019

**By:** Mike Thompson, Head of Carbon Budgets at the UK Committee on Climate Change

### **Introduction**

1. The UK Committee on Climate Change (UK-CCC) was established by the UK's Climate Change Act 2008 to be the UK's independent advisor on climate policy. The UK Act has informed development of the Climate Change Response (Zero Carbon) Amendment Bill ("the Bill").
2. Following advice from UK-CCC, the UK legislated in June to reach net-zero emissions of all greenhouse gases by 2050. The target is intended to apply to the whole economy (i.e. including international aviation and shipping) and the Government has stated its aim to meet the target entirely through effort in the UK (i.e. without recourse to purchase of international emissions offsets).
3. This submission has been written on behalf of UK-CCC by Mike Thompson. Mike has been part of the senior management team of the UK-CCC's secretariat since it was first formed on a shadow basis in 2007. As Head of Carbon Budgets, Mike leads UK-CCC's work on reducing UK emissions and was the lead author of the UK-CCC's recent advice on setting a net-zero greenhouse gas target in the UK, which has informed this submission. Mike is currently on secondment at the New Zealand Interim Climate Change Commission and will be available to give evidence until late-August 2019.
4. This submission covers the institutional arrangements (part 1A of the Bill) and emissions reduction (part 1B). It does not cover adaptation (part 1C).

### **Summary of submission**

5. By legislating a target to reach net-zero emissions by 2050, New Zealand will join a growing group of leading developed countries to set such a target in law. Achieving the target will end New Zealand's contribution to global warming.
6. A net-zero emissions target for 2050 or earlier is required from developed countries to contribute to global effort required by the Paris Agreement. To meet the temperature goal in the Paris Agreement, the world needs to reduce emissions of carbon dioxide to net-zero by around 2050 alongside significant reductions in emissions of methane.
7. The UK-CCC's analysis of the UK net-zero target (which goes further than the Bill's proposed target by covering all greenhouse gases and including international aviation and shipping) demonstrates that it can be achieved based on known technologies, alongside improvements to quality of life and with a low (possibly positive) economic impact. UK businesses have widely and warmly supported adoption of the UK net-zero.
8. The overall framework of the Climate Change Response (Zero Carbon) Amendment Bill is similar to the UK's Climate Change Act. That is a sensible approach – the UK framework has been broadly effective in strengthening the UK's approach to reducing emissions and providing predictability and stability in climate policy. Other countries have also adopted similar approaches.

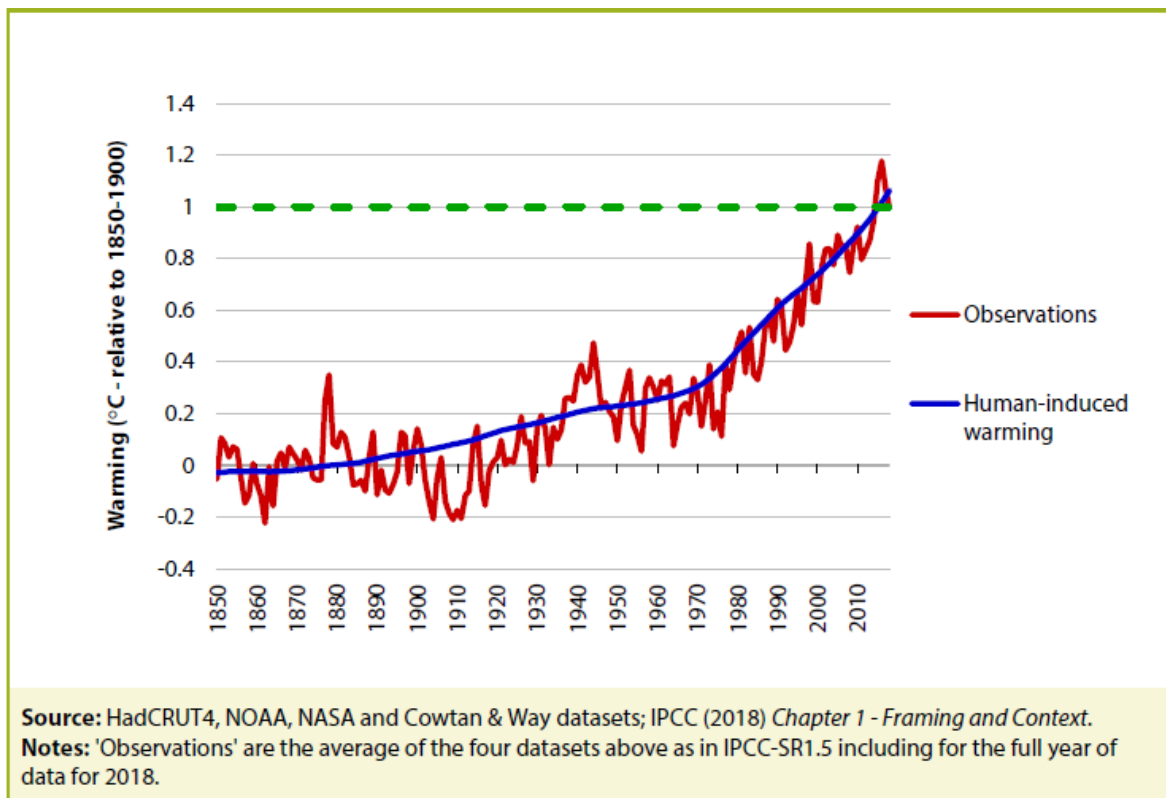
9. The UK-CCC experience points to a number of specific lessons that may be valuable in development of the Bill, particularly in reference to the role of the new Climate Change Commission:
- a. **Independence.** The UK Committee has benefited from being independent, expert and evidence-based – that approach is reflected in the Bill.
  - b. **Resourcing.** It has also been important that in implementation the UK secretariat is sufficiently resourced to cover the full range of required evidence, analysis and modelling and that UK-CCC has been given sufficient time and focus to develop evidence-based advice.
  - c. **Transparency.** UK-CCC has benefited from a transparent approach with wide engagement across relevant stakeholders. The UK Act enables this approach without prescribing how it is done (e.g. there is no requirement to run formal consultation, which is currently implied in the Bill).
  - d. **Considerations.** The UK Act sets out the factors that must be considered by the UK Committee in forming our advice – these are clear and contained (section 10 of the UK Act), which ensures a common understanding of what is needed. The Bill has multiple lists (i.e. 5L as well as 5Q and 5Z) of factors to consider in the Commission’s advice and Government decisions, which raises a risk of internal inconsistency. The UK Act also explicitly identifies the need to reflect emissions from international aviation and shipping in budget setting, with a provision to include these in budgets in future.
  - e. **Timings.**
    - i. Most of the timings in the Bill appear comparable to those in the UK Act – in particular setting the 2050 target now and setting emissions budgets at least a decade in advance is appropriate to give direction to businesses and to provide time to develop policies to meet the budgets and 2050 target.
    - ii. The Bill improves on the UK Act by including a date for the emissions reduction plan. However, to ensure that there is time for policies to affect emissions, this could be brought forward (e.g. to within 6-12 months of setting a budget, rather than allowing it up to the date of budget commencement). The addition of a requirement and deadline to report on decisions on banking and borrowing also improves on the UK Act.
    - iii. The timeline in the Bill for annual progress monitoring appears particularly tight. The UK Act allows UK-CCC three months rather than the two months allowed in the Bill to report after final emissions data is released. The Government is then also allowed three months (not two) to prepare a response, although our experience has been that this has not been sufficient time to materially adjust policy in response to the Committee’s advice. It is also not clear when the first progress report would be due under the Bill – in the UK this was provided in the year following UK-CCC’s first advice on carbon budgets (with an extended deadline to allow nine months after the first advice on carbon budgets).

10. The rest of this submission provides further evidence on these conclusions in three sections:
- A. The value of overarching climate legislation
  - B. Net-zero ambition
  - C. Specific lessons from the UK experience of implementing the Climate Change Act

#### **A. The value of overarching climate legislation**

11. The scientific consensus on climate change is clear: the world is warming as a result of human activity. Global temperatures are already 1°C above pre-industrial levels and rising rapidly (Figure 1).

**Figure 1: Observed and human-induced warming**



12. The world, through the UN climate talks, has agreed to act in response. Only rapid reductions in global emissions can limit the rise to the Paris Agreement goal of well below 2°C, with efforts to limit the rise to 1.5°C. To stop global warming, emissions of long-lived greenhouse gases, notably CO<sub>2</sub>, must be reduced to zero. Short-lived gases, like methane, do not need to reach zero, but must be stabilised at significantly lower levels than today if the Paris temperature goal is to be delivered.
13. Tackling climate change is not a fundamental technical challenge – most of the required technology already exists and the aggregate costs of deploying it are relatively low.
- a. The Special Report on Global Warming of 1.5°C from the Intergovernmental Panel on Climate Change<sup>1</sup> set out pathways consistent with limiting global warming to 1.5°C based on known technologies. A large shift in investment patterns towards low-carbon options is needed to deliver these pathways.

<sup>1</sup> IPCC (2018) *Special report on Global Warming of 1.5°C*.



- b. The UK-CCC's report on *Net Zero*<sup>2</sup> set out scenarios to reduce UK net emissions of greenhouse gas emissions to zero by 2050 based on known technologies and with modest changes in consumer behaviour. We estimated the added cost of these scenarios at up to 1-2% of UK GDP in 2050 based on conservative assumptions over future cost reductions for low-carbon technologies. If historical rates of economic growth continue, that would broadly imply having to wait until late-2050 to reach the level of national income that would otherwise be reached by the start of the year.
  - c. The history of low-carbon technologies suggests that much more rapid innovation is possible or even likely as new industries scale up.
    - i. For example, in 2012 UK-CCC assumed that offshore wind would fall in cost to around £100/MWh by 2030 – in reality by 2017 contracts were signed at £57.50/MWh.<sup>3</sup>
    - ii. Similarly the costs of batteries for electric vehicles fell to \$200/kWh in 2017, half the level assumed by the Committee as recently as 2015. Battery electric vehicles are now expected to be cheaper to buy than conventional vehicles before 2030 as well as cheaper to run – shifting to electric vehicles will ultimately save motorists money.
    - iii. At an economy-wide level this has allowed the UK to increase the ambition of its long-term emissions targets without increasing the cost – the 1-2% GDP cost estimated for the new net-zero target is the same cost estimated in 2008 for a target of an 80% reduction, and the same cost estimated in 2003 for a 60% target. If innovation continues to drive costs down rapidly, there is every chance that there will be no overall cost to the economy in the long term.
  - d. Moreover, increased costs may not imply lower standards of living. In the UK context, climate action implies a shift in resources from fossil fuel imports to UK investment that could boost the economy. The shift of industries to low-carbon approaches will also better prepare them for a future where the world is acting to reduce emissions and position them to take advantage of a growing global market for low-carbon goods and services.
  - e. Furthermore, climate action brings significant co-benefits for health and well-being – monetised estimates for these are difficult but in the UK are of similar magnitude to the estimated cost (i.e. 1-2% of GDP).
14. Given this evidence that action is necessary, feasible and low-cost, the key question is how to proceed in the most effective way. The Climate Change Response (Zero Carbon) Amendment Bill provides an answer to that question (as does its predecessor the UK Climate Change Act). The overarching framework of the Bill locks in the decision over *whether* to act to reduce emissions and ensures that political decision-making is focused on *how* to reduce emissions. That is the right focus for a country that has committed to the Paris Agreement.
15. In particular:
- a. The adoption of a statutory long-term emissions target provides clear direction for businesses, policy-makers and civil society. The review process for the target ensures that it remains consistent with the latest climate science and international agreements.

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<sup>2</sup> CCC (2019) *Net Zero – The UK's contribution to stopping global warming*.

<sup>3</sup> Both in 2012 price base.

- b. The use of emissions budgets to provide stepping stones to the long-term target ensures that near-term actions are taken consistent with the long-term goal.
  - c. The requirement for the Government to develop and publish policy plans (the “emissions reduction plan”) ensures that there is a delivery mechanism for the budgets and 2050 target. Businesses and individuals will take the actions to reduce emissions, but Government must provide the leadership and policy to drive the change.
  - d. The creation of an independent Commission ensures that the 2050 target, the emissions budgets and policy to meet them are evidence-based. The monitoring requirement on the Commission ensures that the Government can be held to account on delivering progress and that unforeseen circumstances can be responded to.
16. Independent academic assessment of the UK Climate Change Act considers that it is a suitable model internationally for overarching climate legislation (Box 1).
17. Besides New Zealand, many other countries have sought to learn from the UK Climate Change Act. For example, it has been used as a model for similar legislation in Mexico, Sweden and France.

**Box 1: Conclusions from LSE-Grantham (2018) *10 Years of the UK Climate Change Act***

**The experience of the UK’s Climate Change Act since 2008 provides lessons for climate law-making that apply internationally:**

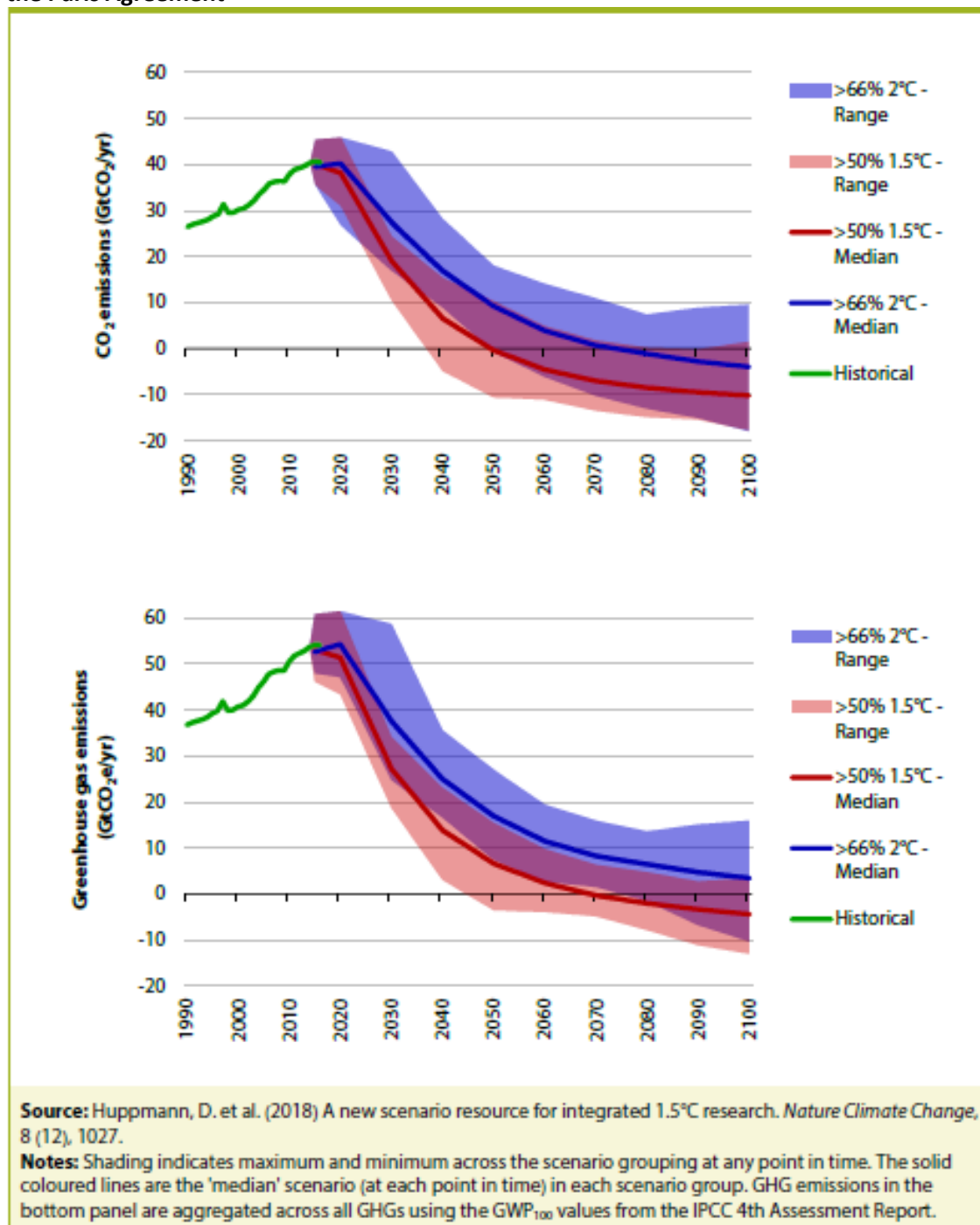
- A comprehensive framework law is an essential tool to coordinate and advance climate action with respect to both reducing greenhouse gas emissions and climate resilience.
- A good climate law contains statutory targets, assigns clear duties and responsibilities and provides clarity about the long-term direction of travel.
- Economy-wide, multi-year targets, set well in advance, help to define a clear, yet flexible path towards the long-term climate objective.
- A strong independent body is critically important to ensure consistent policy delivery and evidence-based decision-making.

Available at: <http://www.lse.ac.uk/GranthamInstitute/publication/10-years-climate-change-act/>

**B. Net-zero ambition**

18. The Paris Agreement sets a temperature goal to hold the increase in global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the increase to 1.5°C.
19. The IPCC has published emissions pathways consistent with the Paris temperature goal. Pathways consistent with the 1.5°C limit involve global emissions of CO<sub>2</sub> reaching net-zero around 2050, alongside deep reductions in other greenhouse gases, including methane (Figure 2).
20. The 2050 target in the Zero Carbon Bill aligns to these pathways. It is sensible that the Bill allows for reviews of that goal in future – as set out below, the UK has changed its target to go beyond the global pathways in recognition of the need for developed countries to lead.

Figure 2: Global emissions pathways for CO<sub>2</sub> (top) and aggregated GHGs (bottom) consistent with the Paris Agreement



21. The Paris Agreement also requires that countries pursue their 'highest possible ambition', that there is a progression in efforts over time and that by end-2020 countries submit long-term low emissions development strategies. Equity and fairness are core principles to the agreement along with a recognition of the need to reflect national circumstances. There is an expectation that developed countries take a lead.
22. Given these elements of the Paris Agreement the UK has legislated a net-zero target that goes *beyond* the aggregate global pathway for 1.5°C. The UK target is to reach net-zero

emissions of *all* greenhouse gases by 2050 – roughly 20 years earlier than the IPCC pathways reach net-zero greenhouse gases for the world as a whole.

23. UK-CCC has set out possible scenarios for meeting the net-zero greenhouse gas target. These have positive methane emissions in 2050, which are reduced by around 50% below 2017 levels.<sup>4</sup> Emissions of other gases would therefore need to be negative by 2050 to meet the UK's overall target.
24. It is worth noting that limits on the UK's potential for CO<sub>2</sub> removals from the land sector make the UK target particularly stretching.
  - a. The UK does not currently have significant removals from its land sector, nor any expectation that it will by 2050.
  - b. Achieving net-zero emissions will need most sources of emissions to be reduced to close to zero, with engineered emissions removals offsetting those emissions that cannot be reduced to zero (largely from agriculture and aviation) to reach a balance overall.
  - c. One route to deliver these engineered removals would be a significant shift in land use towards cultivation of biomass crops (which would capture CO<sub>2</sub> from the atmosphere during their growth), and the use of these to provide bioenergy in combination with carbon capture and storage to permanently store the captured CO<sub>2</sub> under the North Sea.
25. Nonetheless, the UK-CCC analysis demonstrates that the target can be achieved based on known technologies, alongside improvements to quality of life and within the expected economic cost of the UK's previous, less stretching, emissions targets.
26. The UK net-zero target has also been strongly supported by businesses. These businesses recognise the growing public demand for climate action alongside the growing global market for low-carbon goods and services. Setting a strong target now within the transparent evidence-based framework of the Climate Change Act gives confidence that policy will be implemented in an orderly way.
27. Welcoming the announcement, Dame Carolyn Fairbairn, Director-General of the Confederation of British Industry (which represents 190,000 businesses, employing about one-third of the private-sector employed UK workforce), said:<sup>5</sup>

*"UK business stands squarely behind the government's commitment to achieve net-zero emissions by 2050. This legislation is the right response to the global climate crisis, and firms are ready to play their part in combating it."*

*"Climate leadership can drive UK competitiveness and secure long-term prosperity. This legislation must be followed by a commitment to long-term policies that support decarbonisation across the economy."*

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<sup>4</sup> The CCC 'Further Ambition' scenario involves a 46% reduction in methane from 2017 to 2050 and a 96% reduction in total greenhouse gases from 1990 to 2050. Options to close the remaining gap to a 100% reduction include measures that reduce methane emissions further and measures that are focused on CO<sub>2</sub>. These figures are for total UK methane, the large majority of which is biogenic methane from agriculture and waste.

<sup>5</sup> <https://www.cbi.org.uk/policy-focus/infrastructure-and-energy/articles/uk-net-zero-2050-target-announced-by-government/>

28. Other countries have also set or are considering net-zero targets (Table 1). This growing set of net-zero commitments is an important part of the move towards increasing global effort to tackle climate change. Net-zero targets will need to become the norm, at least for developed countries, if the Paris temperature goal is to be met. Each new country setting a net-zero goal helps to make this a reality.

29. New Zealand has a particular opportunity to show global leadership given the size and importance of its agriculture sector, which is a large source of emissions globally.

**Table 1: Net-zero commitments around the world**

	Net-zero: CO <sub>2</sub> or GHGs	Date to achieve target by	Formality	International offsetting?	International aviation and shipping?
<b>Proposed UK target</b>	GHGs 	2050	To be legislated in Climate Change Act		
<b>Net-zero targets under consideration</b>					
European Union	GHGs 	2050	Proposed by European Commission		
France	GHGs 	2050	Bill - not yet legislated		
New Zealand	To decide 	2050	Bill - currently being drafted		
<b>Net-zero targets that have been adopted</b>					
California	Unclear 	2045	Executive Order		
Sweden	GHGs 	2045	Legislation		
Denmark	Unclear 	2050	Legislation		
Norway	GHGs 	2030	Binding Agreement		
A number of other countries have mid-century or earlier net-zero targets and ambitions: Ethiopia, Costa Rica, Bhutan, Fiji, Iceland, the Marshall Islands, and Portugal. They are contained in NDCs and strategy documents, rather than legislation.					
<b>Source:</b> CCC analysis. <b>Notes:</b> Green = Explicit aim to meet without credits / international aviation and shipping (IAS) included. Red = explicit allowance for international offsetting / IAS excluded. Amber = unclear or undecided. NDC = Nationally Determined Contribution submitted to the Paris Agreement.					

**Additional notes to Table 1:** The UK and France have now legislated their targets; the EU target is still under consideration. The final French target does not include international aviation and shipping. The Swedish target excludes their large current removals from land use.

### **C. Specific lessons from the UK experience of implementing the Climate Change Act**

30. The UK-CCC experience points to a number of specific lessons that may be valuable in development of the Zero Carbon Bill, particularly in reference to the role of the new Climate Change Commission.
31. **Independence.** The UK Committee has benefited from being independent, expert and evidence-based – that approach is reflected in the Bill.
32. **Resourcing.** It has also been important that in implementation the secretariat is sufficiently resourced to cover the full range of required evidence, analysis and modelling and that the Committee has been given sufficient time and focus to develop evidence-based advice.
  - a. The UK-CCC's first report, which covered the 2050 target and the first three carbon budgets, was delivered around 18 months after the CCC was first set up in shadow form.
  - b. UK-CCC provided one piece of interim advice, on the level of the 2050 target, in advance of the first report to inform the passage of the Bill. The advice was provided as a letter to the Minister around two months before the final report was published but after the analysis had been completed.
  - c. The UK-CCC's second report, on progress monitoring, was published nine months after the first report.
  - d. Subsequently, UK-CCC has been able to provide reports on shorter timescales, since these increasingly draw on established expertise and modelling capacity.
  - e. UK-CCC employs a secretariat of around 30 full-time staff, the majority of whom are analysts working on emissions reductions. Secretariat resources are supplemented by a significant research budget. Additional resources are required in years building up to major projects – notably advice on budgets and the 2050 target. UK-CCC is able to draw on significant modelling capability within the UK Government at no financial cost, and is able to contract out to use a wide range of pre-existing models available in the UK generally without having to fund development of new models.
33. **Transparency.** The UK Committee has benefited from a transparent approach with wide engagement across relevant stakeholders.
  - a. The UK Act enables this approach without prescribing how it is done (e.g. there is no requirement to run formal consultation, which is currently implied in the Bill).
  - b. UK-CCC has run 'Calls for Evidence' for major projects, where it has asked for evidence on targeted questions. The focus of these has been on evidence, analytical approach and identifying important considerations, not on the ultimate judgements over what they imply for the precise level of carbon budgets.
  - c. While UK-CCC has engaged widely and tested analytical approaches, evidence assessments and emerging thinking, we have not published, or otherwise shared, draft reports or draft advice on budgets in advance of providing that advice to Ministers. That has been an important part of maintaining the Committee's independence.

**34. Considerations.** The UK Act sets out the factors that must be considered by the UK Committee in forming our advice – these are clear and contained (section 10 of the UK Act), which ensures a common understanding of what is needed. The Bill has multiple lists (i.e. 5L as well as 5Q and 5Z) of factors to consider in the Commission’s advice and Government decisions, which raises a risk of internal inconsistency. The UK Act also explicitly identifies the need to reflect emissions from international aviation and shipping in budget setting, with a provision to include these in budgets in future – these emissions are not explicitly mentioned in the Bill.

**35. Timings.**

- a. Most of the timings in the Bill appear comparable to those in the UK Act – in particular setting the 2050 target now and setting emissions budgets at least a decade in advance is appropriate to give direction to businesses and to provide time to develop policies to meet the budgets and 2050 target.
- b. The Bill improves on the UK Act by including a date for the emissions reduction plan. However, to ensure that there is time for policies to affect emissions, this could be brought forward (e.g. to within 6-12 months of setting a budget, rather than allowing it up to the date of budget commencement). The absence of a deadline in the UK Act for the Government’s policy plan led to a hiatus in policy development following the setting of the UK’s fifth carbon budget (for 2028-2032), and was identified by LSE-Grantham as an area to improve the UK Act.<sup>6</sup>
- c. The addition of a requirement and deadline to report on decisions on banking and borrowing also improves on the UK Act, which has a deadline for the decision, but no process for reporting that decision.
- d. The timeline in the Bill for annual progress monitoring appears particularly tight. The UK Act allows UK-CCC three months rather than the two allowed in the Bill to report after final emissions data is released. The Government is then also allowed three months (not two) to prepare a response, although our experience has been that this has not been sufficient time to materially adjust policy in response to the Committee’s advice.
- e. It is also not clear when the first progress report would be due under the Bill – in the UK this was provided in the year following UK-CCC’s first advice on carbon budgets (with an extended deadline to allow nine months after the first advice on carbon budgets).

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<sup>6</sup> “New safeguards are needed to strengthen the ability to hold the government to account on the Climate Change Act. For instance, the Act should be amended to create a statutory response time for the government to publish its carbon plans, to avoid undue delays.” Fankhauser et al (2018) *10 years of the UK Climate Change Act*.