

2021: A critical year for climate change policy

2021 will be a critical year for the development of climate change policy in New Zealand. The Government has set itself a busy domestic agenda following the enactment of the Zero Carbon Act. In particular, businesses should prepare to engage quickly with the Climate Change Commission's draft package of advice in the first quarter.

The Climate Change Commission is due to deliver a draft of its first package of advice on 1 February 2021, and this will be open for consultation until 14 March 2021. The work covered by this package will include advice to the Government in relation to:



New Zealand's first three emissions budgets (covering the period up to 2035).



Preparation of the first emissions reduction plan. The first three emissions budgets and the emissions reduction plan are due to be in place by December 2021.



Proposed reductions in emissions from biogenic methane (the current target is a reduction of 24-47% on 2017 levels by 2050).



The extent to which New Zealand's international emissions reduction target (the Nationally Determined Contribution) is consistent with domestic and international obligations.

A critical opportunity to shape New Zealand's climate policy

At a recent conference, the Minister for Climate Change indicated that the advice of the Climate Change Commission (which the Minister is "absolutely committed" to following) is likely to be "shocking to a lot of people" and that the "constraints are likely to be quite extraordinary". The six-week consultation on this package of advice will accordingly be a critical opportunity for organisations to shape New Zealand's climate policy over the coming years. Businesses should be prepared to engage quickly and respond to this package of draft advice.

Additional key developments

2021 will also see a number of other key developments in climate change regulation and policy, including:



The first auction of NZUs (NZ Units) in March 2021, with further auctions in June, September and December.



Draft legislation is expected regarding the disclosure of climate-related financial risks, following the Government's announcement earlier this year that a mandatory reporting framework would be introduced for certain financial institutions, insurers, NZX-listed issuers and Crown Financial Institutions.



Climate change mitigation and adaptation having an increased role under the Resource Management Act and the reformed planning and environmental management regime.



Potential further reform of the Emissions Trading Scheme, which the Minister has signalled will be forthcoming in this term of Government.

Contact the team

Russell McVeagh has a specialist, multi-disciplinary team able to assist you across the full spectrum of current and emerging issues in this fast-moving area of law and policy. We are advising a range of clients with Government engagement and legislative reform on climate change, and we would be pleased to assist you. Get in touch with our expert team:



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