October 2025 Sustainability update

Posted on: November 12, 2025

We also consider the recently released National Adaptation Framework, which outlines the Government’s adaptation plans, including a National Flood Map and adaptation plans to be produced by councils in priority areas.

We also consider the recently released National Adaptation Framework, which outlines the Government’s adaptation plans, including a National Flood Map and

adaptation plans to be produced by councils in priority areas.

Finally, we take a look at the Government’s Response to the Climate Change Commission’s monitoring report on emissions reductions, including a breakdown of the largest risks to New Zealand meeting its 3 Emissions Budget, and the Government’s plans to address those risks on sector by sector basis.

Methane Targets Reset: A Climate Policy Pivot

In a move that has been described as everything from “practical” to “climate denial,” the New Zealand Government has announced a significant revision to its biogenic methane reduction targets.[1] The new target proposes a more modest 14 – 24% reduction below 2017 levels by 2050, with a review scheduled for 2040. This replaces the previously legislated 24 – 47% reduction[2] and signals a significant shift in the Government’s focus.

While biogenic methane, primarily emitted by livestock, may not linger in the atmosphere like carbon dioxide, it is responsible for nearly half the country’s total greenhouse gas emissions. So, what does this mean for farmers, environmental groups and others interested in New Zealand’s climate commitments? Let’s unpack it.

Climate Change Commission Recommendation Report

In November last year, the Climate Change Commission[3] also recommended revising the biogenic methane reduction targets. However, its recommendations involved increasing the 24 – 37% reduction target to 35 – 47% below 2017 levels by 2050,[4] rather than reducing the target as the Government has just announced. This shows a clear rejection of the Commission’s recommendation.

The Commission also recommended that international shipping and aviation emissions be included into the 2050 target. Whether the Government will also reject this recommendation should be confirmed by November 2025.

Legislative Changes: A New Chapter

The Government’s revised stance is based on the idea of stabilising methane emissions at current levels rather than reducing them – i.e., if methane is not increasing, it is not contributing to additional warming. This “no additional warming” approach has its supporters, particularly in the farming sector, but it is not without controversy or scepticism.

The Climate Change Response Act 2002 will require amendment to reflect the new 2050 target. The 2030 target – a 10% reduction from 2017 levels – remains unchanged. However, the upper end of the previous 2050 range (47 percent) has been deemed unrealistic by the Government, citing economic and scientific concerns. The Government plans to pass an amendment bill by the end of 2025.[5]

Currently, there is no mechanism to price or cap agricultural emissions – with the Government introducing amendments to the CCRA late last year, which repealed provisions that would have priced agricultural emissions. Although the Government has signalled an intention to introduce farm-level pricing by 2030 (outside the NZ ETS), whether this intention materialises remains to be seen.

Technology Over Tax

Rather than taxing emissions as previously planned, the Government has instead opted to invest $400 million in partnership with industry to develop and deploy methane-cutting technologies. These include innovations like EcoPond, which purports to reduce effluent pond emissions by over 90%, as well as advances in genetics, feed, and farm management. The first tools are expected to be available for farms by 2026, with more available by 2030.

Legal and Trade Risks: A Cautionary Note

Lawyers for Climate Action NZ have raised concerns that the reduced target may conflict with New Zealand’s international obligations under the Paris Agreement and Free Trade Agreements with the EU and UK. These agreements contain enforceable climate provisions, and a perceived lack of ambition could invite scrutiny or even sanctions.

The group argues that the new target may undermine New Zealand’s Nationally Determined Contributions (submitted under the Paris Agreement) and shift the emissions burden to other sectors or countries, raising questions of fairness and equity. They cite the recent International Court of Justice Advisory Opinion, which reinforces the need for national targets to align with the global goal of limiting warming to 1.5 degrees Celsius. What these recent Government changes will mean for New Zealand's international obligations remains to be seen. However, New Zealand's Climate Change Minister Simon Watts, has acknowledged that anything below a 24% reduction in biogenic methane risks being inconsistent with the goals of the Paris Agreement.[6]

The changes may also be a concern to parts of the primary sector and exporters. Increased pressure on companies to reduce emissions, disclose climate data and comply with ESG (Environmental, Social and Governance) reporting obligations are resulting in increased demand from domestic and international consumers for emissions transparency and low-emissions products.

What This Means for Farmers

For farmers, the changes offer a reprieve from regulatory pressure, at least for now. There will be no methane tax, and the Government has committed to working in partnership with industry to meet the new (lower) targets. Processor incentives and voluntary uptake of new technologies will therefore be the primary tools for emissions reduction going forward.

However, the absence of a pricing mechanism and the reliance on future technology may leave farmers navigating uncertainty. The Government's promise to revisit pricing by 2030 is a reminder that this reprieve may be temporary.

National Adaptation Framework released

The Government has released the National Adaptation Framework (NAF) which outlines its long-term strategic approach to helping New Zealand prepare for, and respond to climate change impacts. The NAF is built around 4 pillars:

- Risk and response information sharing
- Roles and responsibilities
- Investment in risk reduction
- Cost-sharing pre- and post-event.

The Government has announced 16 initial actions which build on these pillars.

So what are some of the key points?

Some key aspects include:

- *Council adaptation plans* – Councils will be required to provide adaptation plans in priority areas. Legislation will be introduced shortly, but this will dovetail into the new replacement RMA system – with adaptation plans to form part of spatial plans under the new system. Changes are also indicated to the local government system to focus councils on core services including managing natural hazard risk.
- *A National Flood Map* – to unify national data with detailed local and regional information. This is expected to be released in 2027 and will be improved and expanded over time.
- *Natural Hazards Portal to be updated* – to provide information about risks to people and properties from natural hazards like floods and storms.
- *Standards NZ developing flood risk and risk analysis standards* – this is to set out best practice and support a consistent approach by councils across NZ.
- *Investment in high-quality risk information* – to help support planning and consent decisions in the new RMA replacement system. Further reforms are also indicated to ensure science, innovation and technology can assist the system with responding to government priorities such as natural hazard adaptation.
- *Creation of an Emergency Management Investment and Implementation Roadmap* – to assist with New Zealand's ability to prepare for, respond to, and recover from emergencies.
- *Government investment in risk reduction* – the actions indicate that the Crown should continue to consider contributions to investment where that will protect Crown assets or realise broader national benefits. While the 'actions' refer to 'investment in resilience through the $1.2 billion Regional Infrastructure Fund (RIF)', the Cabinet Paper clarifies that $1 billion has already been invested since 2020 in flood protection, with $200 million being made available through the RIF.

Interestingly, the Cabinet Paper also indicates that a core principle underlying the approach is that (in line with the IRG's recommendations) 'those who benefit most from an investment in risk reduction should contribute more'.

But what about the cost-sharing?

The NAF states that the expected costs from natural hazards like floods and storms, and the costs of adapting to them, are to be shared across society and over time. It states that New Zealand will "transition towards a state that incentivises risk reduction and allows markets to adjust as risks change."

However, the actions stated are:

- Introduce a new development levy system as part of Going for Housing Growth, to ensure councils charge developers a proportionate amount of the total costs of capital expenditure necessary to service growth over the long term.
- Deliver new tools to support government recovery decisions following significant severe weather events.

The NAF sheds no light on the length of the 'transition period' (with the Independent Reference Group suggesting a transition period of 20 years); what a transition might look like; or how costs might be apportioned. In the press release accompanying the document, the Minister indicates that the matter is not straightforward "*We will keep building on these foundations over time, including taking further decision on issues such as cost-sharing. It is important we take time to work through all these issues to ensure this framework can endure."*

The Minister has also indicated that given the costs to central government over the last 10 years of responding to natural hazard events, that having the Crown continuing to 'foot the bill' is not a financially sustainable model going forward. That is consistent with the Cabinet Paper (and Cabinet Economic Policy Committee Decision Minute) which states that the Committee agreed:

- That the Government's intent is to move towards an end state where the Crown no longer distorts risk signals and blunts instruments to manage risk by providing financial assistance where homeowners suffer significant losses after major events (especially in the form of residential property buyouts); and

- That in the near-term, where central government provides any discretionary support, the objective is not to fully cover homeowner's losses and there should be no expectation of financial assistance based on full pre-event property valuations.

You can find a copy of the NAF here: National Adaptation Framework

And the Cabinet Paper, which also contains further details on what Council adaptation plans are likely to cover, here: Proactive release of cabinet papers on establishing a National Adaptation Framework | Ministry for the Environment

Government Response to Climate Change Commission's Monitoring Report

October has also seen the release of the Government's Response to the Climate Change Commission's (Commission) 2nd Annual Monitoring Report on Emissions Reductions.

In summary, the Commission found that NZ was likely to achieve the 1st Emissions Budget (2022-2025) (EB1); and that while the 2nd Emissions Budget (2026-2030) (EB2) could be met there "are some areas of significant risk". In relation to the 3rd Emissions Budget (2031-2035)(EB3), it found that the current plans were insufficient to meet that budget and that the Government should act ahead of EB3 to reduce the risk on not meeting EB2 and get 'on track' for EB3 and NZ's 2050 target.

So what is the Government's response and why is it important?

The CCRA sets out a statutory process that will enable NZ to meet its commitments under that Act (including 'net zero by 2050'). The Act requires Emissions Budgets to be set, with the Commission monitoring progress towards meeting those budgets and publishing a report, which the Government must respond to. The Government publishes Emissions Reduction Plans (ERP) which sets out the measures that will be taken to ensure the EB for a particular period is met. New Zealand's second ERP (ERP2) was published in December 2024, and relates to the period 2026-2030. The

Third ERP (ERP3) is not due until the end of 2029.

In the response, the Government acknowledges the Commission's recommendation (and risk) around EB3 and agrees that action ahead of the 3rd Emissions Reduction Plan (ERP3) will be important. However, it notes that because EB2 (2026-2030) hasn't begun yet, the timing of an action needs to be considered.

The Report notes that more recent projections show that NZ will meet EB1 and EB2, although EB3 remains off track. It acknowledges the Commission's advice that the largest risks to NZ meeting its budget come from energy, industry and buildings, and forestry. The Government's response to the main delivery risks are set out in Table 3 of the Response and can be summarised as:

ETS risks – The Government acknowledges that further work is required to the ETS over the long term to ensure ongoing effectiveness. It agrees that the current industrial allocation settings risk disincentivising decarbonisation efforts in firms receiving industrial allocation, and notes that the Government is committed to exploring options to mitigate this impact in ERP2.

Agriculture – the Commission expressed concern about heavy reliance on technological solutions to address agricultural emissions. The Government notes that it has committed more than $400 million over the next four years to accelerate the development and availability of new tools and technology to reduce on-farm emissions.

Forestry – the Commission expressed concern about delivery risks if deforestation is more than expected and afforestation less than expected. It also raised concerns about uncertainty about the impact of registering exotic forests in the ETS. The Government acknowledges this and indicates that the ETS Forestry Conversions Amendment Bill will mitigate some of the uncertainty.

Energy – the Commission noted concerns around affordability, security of supply and renewable energy generation. The Government acknowledges the concerns and refers to work that is underway to address the issues. It also emphasises its reliance on the ETS. While it notes the Commission's concerns about challenges for emerging technologies like carbon capture and storage; it states that because gas reserves are declining, overall emissions in that sector are expected to reduce.

Buildings – the Government confirms that reducing emissions from buildings is a priority – and refers to streamlining consenting process and improving access to data and information (i.e. making rooftop solar easier to install).

Transport – the Government's policy here is to use the ETS as the primary tool for emissions reduction, with some complementary measures including initiatives for EV uptake, the Clean Vehicle Standard, and supercharging EV infrastructure.

Waste – the Government acknowledges concerns around meeting the reductions required for EB2 and EB3 and states that work is underway to strengthen policies across the waste system, including measures to reduce organic waste and improve landfill gas capture.

You can find the Government's response here: 2025-government-response-to-CCC-emissions-reduction-monitoring-report.pdf

We hope you found this update helpful. For tailored advice on how these changes might affect you or your organisation, don't hesitate to reach out to Rachael Zame, Special Counsel, or another member of our Team.

[1] 12 October 2025.

[2] Climate Change Response Act 2002, s5Q

[3] The Climate Change Commission is an independent crown entity aimed at providing evidence-based advice to the Government to guide climate change action.

[4] Reviews of the 2050 emissions target including whether emissions from international shipping and aviation should be included, November 2024, Executive Summary.

[5] Government resets 2050 biogenic methane target | Ministry for the Environment, 12 October 2025

[6] Simon Watts exchange with Newsroom and other reporters, 14 October 2025. Reported on www.newsroom.co.nz