

INAUGURAL AUSTRALIA–NEW ZEALAND 2+2 CLIMATE AND FINANCE DIALOGUE JOINT STATEMENT

8 June 2023

The Hon Dr Jim Chalmers MP, Treasurer (Australia), the Hon Chris Bowen MP, Climate Change and Energy Minister (Australia), the Hon Grant Robertson, Minister of Finance (New Zealand) and the Hon James Shaw, Minister of Climate Change (New Zealand)

The Hon Jim Chalmers, the Hon Chris Bowen, the Hon Grant Robertson, and the Hon James Shaw met in Wellington on 8 June 2023 for the inaugural Australia–New Zealand Climate and Finance Ministers’ meeting.

Ministers discussed the need for accelerated climate action in this critical decade, to stay within a 1.5 degree temperature rise limit, and harness the significant opportunities that transitioning to low-emissions, climate-resilient economies offers both countries. Australia and New Zealand recognised climate change as the single greatest existential threat to the Pacific and committed to working together and with Pacific partners to ensure the resilience and prosperity of the region.

Ministers agreed to:

- Hold the Australia-New Zealand 2+2 Climate and Finance Dialogue annually and establish a joint working group to support policy implementation.
- Establish a Net Zero Government Working Group to support decarbonising public services, climate-related disclosures, and sustainable procurement.
- Co-ordinate efforts to stimulate production and supply of electric and zero emission vehicles into the Australasian market, including accelerating the uptake of zero emissions vehicles in government fleets, and explore the potential for collaboration on vehicle manufacturing and improving charging infrastructure.
- Work to align sustainable finance frameworks and tools across the Tasman to enhance interoperability and support businesses operating across the economic region.
- Work together to develop adaptation indicators and monitoring frameworks.
- Support the development of internationally aligned Guarantee of Origin Schemes, including dedicated conversations to explore the adoption of Australia's GO Scheme in New Zealand.

Their discussion reflected the priority of an accelerated transition to net zero emissions, and of enhanced cooperation in the design of climate policies. Ministers highlighted the significance of the 40th Anniversary of the Closer Economic Relationship (CER) agreement, 80 years of diplomatic representation and 50 years of the trans-Tasman travel arrangement between Australia and New Zealand. Ministers noted that CER has guided the past 40 years of our economic relationship. They looked forward to climate change being central to the relationship over the next 40 years.

Ministers noted ongoing engagement in the Pacific from both countries and the importance of aligning with this work. Ministers acknowledged Australia and New Zealand will continue to experience increasingly frequent and increasingly devastating climate impacts. Recognising the urgent need to reduce global emissions and to keep the 1.5 degree temperature goal alive, Ministers re-affirmed their commitments to the Paris Agreement and action in this critical decade.

Ministers acknowledged that Indigenous Peoples are disproportionately and uniquely impacted by climate change due to a deep and intrinsic connection with the natural environment and its resources. Indigenous Peoples, their knowledge and practices, are critical to effective climate action. Minister Shaw and Minister Robertson welcomed Australia's intention to host the UNFCCC Local Communities and Indigenous Peoples Platform (LCIPP) Pacific Regional Gathering later this year. This is a significant opportunity for First Nations and Māori people in Australia and New Zealand and the Pacific to come together, share traditional knowledge and have meaningful dialogue with governments from the region.

Amplifying climate leadership through enhanced domestic cooperation

The world is moving to seize the opportunities of decarbonisation, and it is critical that Australia and New Zealand stand ready to capture the opportunities presented by increasing clean technology investment. Ministers noted Australia's investment of \$2 billion to help Australia scale up the development of its domestic renewable hydrogen industry, and an additional \$38 million for the creation of a Guarantee of Origin scheme to certify renewable energy and track and verify emissions from clean energy products.

Australia and New Zealand have a uniquely close relationship. By working together to capture economic opportunities, and address shared policy challenges, we will deliver real benefits to our communities and industries as we transition to low emission and climate resilient economies.

Ministers from both countries agreed to hold the Australia-New Zealand 2+2 Climate and Finance Dialogue annually and establish a joint working group to support policy implementation.

Minister Bowen and Minister Shaw agreed to deliver practical recommendations for future bilateral collaboration underpinned by joint trans-Tasman policy analysis.

Both governments have made commitments for the public sector to lead by example in the transition to low emission economies. Ministers agreed to establish an officials-level Net Zero Government Working Group to support decarbonising public services, climate-related disclosures, and sustainable procurement, presenting an opportunity to invite and engage with Pacific countries, and support regional efforts to reduce emissions.

Ministers have committed to co-ordinate efforts to stimulate production and supply of electric and zero emission vehicles into the Australasian market, including accelerating the uptake of zero emissions vehicles in government fleets, and explore the potential for collaboration on vehicle manufacturing and improving charging infrastructure.

New Zealand will collaborate with the Australian government fleet teams, including federal, state and territory jurisdictions, to accelerate the uptake of zero emission vehicles in government fleets.

There was agreement to support the development of internationally aligned Guarantee of Origin Schemes, to track and verify emissions associated with hydrogen, renewable electricity and other renewable and low-emissions products, in our respective countries and across the Indo-Pacific, including through dedicated conversations to explore adopting the GO Scheme in New Zealand.

Aligning financial flows for an economically successful transition

Ministers acknowledged energy transformation and the transition to low-emissions and climate-resilient economies as the key opportunity in this defining decade of action on climate change. Decarbonising existing industries and growing new, low-emissions industries is crucial to long term economic success and job creation. Significant public and private investment are required to achieve

this potential. Mobilising private sources of finance for climate action and the right enabling environment are key to transitioning our economies.

Ministers acknowledged that it is critical that Australia and New Zealand work together to ensure financial flows support emissions reductions. This would support a financial sector which delivers on our climate mitigation and adaptation ambition, promotes development of innovative renewable technologies and workforces, and improves climate resilience. Ministers discussed the approaches each country is taking to create an environment that supports sustainable investment, including the use of sovereign green bonds to finance government programs with positive climate change and environmental outcomes.

Ministers committed to providing cohesion and clarity for businesses and investors operating across the Tasman to position the region as a robust green finance market. We will set up a sustainable finance strategy working group to support this.

Ministers agreed to work together on measures to prevent greenwashing, support sustainability-related capabilities of firms, financial institutions, and financial regulators, and strengthen public sector leadership on sustainable finance.

Ministers agreed to align approaches to sustainable finance frameworks, such as taxonomies, across the Tasman to enhance interoperability and support businesses operating across the economic region.

Ministers committed to better coordinate the implementation of climate-related disclosure requirements for financial market participants against internationally aligned standards.

Ministers agreed to strengthen trans-Tasman cooperation in developing best-practice modelling of the impacts of climate change, mitigation, and adaptation.

Ministers recognised the importance of budget transparency in strengthening disclosure of climate-related spending to improve responses to climate change and align with international efforts. Ministers committed to sharing expertise and providing transparent climate spending reporting in their respective Budgets.

Ministers welcomed the reforms to Multilateral Development Banks underway to increase finance for global public good and noted the need for greater private finance mobilisation to scale-up climate action. Ministers agreed to work together to progress the reform efforts, with a focus on meeting the self-identified needs of the Pacific.

Ministers noted the risk climate change poses to the wellbeing of the people of Australia and New Zealand and the ongoing work in both nations to put wellbeing at the forefront of budget processes. The Ministers acknowledged that their focus on resilience, future-proofed infrastructure, innovation, and meaningful investments in climate change adaptation and mitigation will secure the wellbeing of our people into the future.

Enhancing domestic adaptation capacity

While we work to limit future climate change, Ministers noted that it is critical to increase our capacity to adapt to the impacts of climate change.

Australia and New Zealand share a strong commitment to supporting and investing in climate adaptation both at home and in our region. The impacts of climate change on people, economies and environments across the region demonstrate the importance of preparing for the physical

impacts of climate change. Ministers welcomed New Zealand's commitment of \$6 billion for the National Resilience Plan.

Ministers recognised the importance of an approach that activates and supports regions to plan and manage the social, economic, and environmental impacts of the shift to a low-emissions, climate-resilient economy. They committed to engaging closely with key regions and industries that are transforming as Australia and New Zealand decarbonise to help proactively manage the change. This would allow communities to identify and act on new opportunities that will secure their long-term wellbeing and to manage impacts.

Countries' broader climate risk and vulnerability demonstrate the need to take climate change into account in macroeconomic policy, fiscal planning, and public investment management. Key next steps are to understand risk, plan our adaptation response and set up monitoring frameworks to track progress and adjust.

Ministers proposed cooperation on building adaptation into resilience policy and measures.

Ministers acknowledged New Zealand's first National Climate Change Risk Assessment and national adaptation plan and welcomed Australia's commitment to developing Australia's first National Climate Risk Assessment and a National Adaptation Plan. They proposed joint work on monitoring frameworks and adaptation indicators.

Ministers committed to explore how both countries could better cooperate on domestic adaptation challenges and collaborate on innovative solutions, including in insurance, to boost regional climate resilience, including through regional knowledge exchanges.

Working with the Pacific to address climate change

Ministers highlighted that nothing is more central to the peace, prosperity, and resilience of the Pacific than addressing climate change and energy security. Ministers acknowledged the Pacific's long-standing climate leadership and committed to working together, with Pacific partners to address this existential threat, in line with the 2050 strategy for the Blue Pacific Continent.

Ministers committed to further coordinate our efforts to support partner countries in the Pacific in addressing the impacts of climate change and amplifying Pacific voices in international climate and energy discussions. Ministers welcomed the opportunity to draw global attention to the unique challenges faced by the region, accelerate global climate action, securing a sustainable energy future and capturing the economic opportunities of the transition.

Enduring climate collaboration across the Tasman

Stronger economic and investment ties are essential for our respective domestic transitions. Australia looks forward to hosting the next Australia–New Zealand Climate and Finance Ministers meeting in 2024.