



AIDE MEMOIRE

Talking points for ECO to support discussion on Golden Bay

Date:	13 May 2026	Priority:	High
Security classification:	Classificatio	Tracking number:	26-BRF-01276

Information for Minister(s)

Hon Simon Watts

Minister of Climate Change

Action for Minister's Office staff

Provide these talking points to the Minister ahead of Economic Policy Committee on 20 May

Appendices and attachments

Appendix 1: Back-pocket information

Contact for telephone discussion (if required)

Name	Position	Telephone	1st contact
Becky Prebble	Deputy Secretary	s 9(2)(a)	
Kirsty Flannagan	GM Markets		
Jane White	Chief Advisor/Author		✓

The following departments/agencies have been consulted

- Minister's office to complete:
- | | | |
|--|---------------------------------------|---|
| ☐ Noted | ☐ Needs change | ☐ See Minister's Notes |
| ☐ Overtaken by Events | ☐ Withdrawn | |
| | ☐ Seen | |

Minister's Comments



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Purpose

1. On Wednesday at 9am, you are co-presenting (alongside the Minister for Economic Growth) the following Cabinet paper at the Environment Policy Committee (ECO): *Maintaining domestic cement manufacturing in New Zealand*.
2. This Aide Memoire provides suggested talking points and background information (see Appendix 1) to support you during this item.
3. Becky Prebble (Deputy Secretary) and Jane White (Chief Advisor) will be available outside the meeting.

Talking points

9(2)(g)(i)



9(2)(g)(i)

[Redacted]

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- 9(2)(g)(i) [Redacted]
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Next steps

5. Officials can discuss these taking points and any other questions or concerns you have ahead of ECO at the officials meeting on Monday.

Kirsty Flannagan
GM, Markets
Ministry for the Environment

13 May 2025

Appendix 1: Back pocket information

What engagement has been undertaken with Fletcher Building to date?	Officials have explored the options outlined in the paper. We have not explored an amount of direct funding, although Fletcher Building has been clear it does not want corporate welfare s 9(2)(g)(i) Fletchers preferred option is a suspension from the ETS as it will give them the most certainty and level the playing field. We have had some initial discussions about conditions, see para 44. s 9(2)(j)
What is the impact on emissions budgets of Golden Bay closing?	If Golden Bay shifts to an import-only model it would deliver reductions against New Zealand's emissions budgets (-2.64 MtCO₂e per budget), but would result in carbon leakage from offshore production, with global net emissions estimated to increase by 200,000 tCO₂e per year due to higher-emissions overseas cement. Closure would help to reduce the current 9 MtCO₂e gap for EB3 (a third of the gap).
What are the precedent risks? Who is likely to come forward for assistance?	All options create precedent risk, although the risk is likely greater with the ETS options. • In assessing precedent risk, we have considered the likelihood that other industries that have hard to abate emissions and are trade exposed may seek similar support. In practice, the pool of comparable firms is limited. NZ Aluminium Smelter has recently secured long-term electricity supply and is investing to expand operations; s 9(2)(j) ■ [Redacted] ■ [Redacted]



	s 9(2)(j) Note Table 2 in the Appendix lists other emissions-intensive and trade-exposed firms that may come forward for support. This list doesn't include all EITE firms, but those we consider most likely to come forward. Whether they would be successful would depend on whether they could make a similar case to Golden Bay – sole domestic manufacturer facing unlevel playing field, with critical supply and economic resilience risks from closure.
What is the impact on emissions budgets of Golden Bay being suspended from the ETS?	Suspending ETS obligations is estimated to result in emissions reduction of 0.075 MtCO ₂ e over each emissions budget period through to 2050, relative to the 2025 projections, by unlocking GBs investment and enabling some small emissions efficiency improvements.
What is Golden Bay investment commitment if Government support is provided?	s 9(2)(b)(ii)
What is the impact of different options on cement prices?	Cement prices are set globally by the imported price, so I am not expecting a change in cement prices.
What does the Fletcher Board need to make this decision now?	A s 9(2) r lead in time is needed to: s 9(2)(b)(ii)
Why is primary legislation required for a suspension?	It will require a clause in primary legislation to temporary suspend Fletcher Building from surrender obligations for clinker emissions.



What are the cumulative impacts on the ETS market likely to be of a suspension from the ETS, along with ETS settings changes and other policy changes?	There are direct impacts to the ETS market from removal of a compliance buyer. The current market remains well supplied and buyers remain critical to supporting price. There is potential for a material negative reaction from the removal of a compliance buyer, and if other industrials perceive opportunity to achieve similar exemptions. s 9(2)(g)(i) Risks to the ETS could be mitigated to some extent by continuing to maintain and communicate stable, predictable system settings that align with emissions budgets, including in upcoming decisions on 2026 ETS settings. Clearly communicating this decision as addressing a particular risk to national security of supply in the context of an unlevel playing field with importers will also be important.
Why is direct funding discounted?	s 9(2)(j)
Why is there a OBEGAL impact and cash impact for a suspension?	The cash impact from suspension relates to foregone ETS auction revenue in emissions budget three. To meet legal requirements, the ETS cap would need to be adjusted downwards to reflect clinker emissions shifting outside of the ETS, reducing available units to auction. This is partially offset by fewer units needing to be set outside within the cap for industrial allocation. The OBEGAL impact reflects the wider impacts on the Crown. The Crown will receive less revenue due to fewer surrenders of ETS units because Golden Bay will no longer need to surrender units against clinker emission liabilities. This is partially offset by a reduction in the clinker industrial allocation expense to the Crown, which Golden Bay will no longer be eligible to receive.