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Submission to the Second Emissions Reduction Plan

Thank you for the opportunity to comment on the Second Emissions Reduction Plan (ERP2).

We acknowledge the shift in focus for the ERP2, looking to remove barriers to enable rapid investment in a climate response that benefits our climate and also economy, and making key choices to support us on this journey while enabling New Zealand to continue to thrive.

Kāpiti Coast District Council and our communities are acutely aware of the effects of climate change and the escalating frequency and impact of severe weather events. Our District is also conscious of our environment and choices and impacts for [Growing Well](#) as our population continues to increase.

In 2023, Council established a new aspirational long-term target of achieving net-zero greenhouse gas emissions by 2040. This target shapes all our work, including our approach to growth, and is supported by numerous organisational and community initiatives for emission reductions.

Our submission on ERP2 builds on our [previous feedback](#) and while Council generally supports the overall intent of the Plan and its actions, we remain concerned that it does not move us fast enough, or provide the right balance of approach needed to meaningfully reduce emissions and achieve longer term aspirations nationally, and for the Kāpiti Coast District, without supporting changes to:

- Provide a consistent policy framework across competing national needs
- Ensure regional alignment to national goals, which is a key determinant of local outcomes
- Provide funding and support for smaller scale initiatives across sectors that could create collective impact over time, such as small businesses.

Council supports a number of ERP2 actions

While there are elements in the ERP2, particularly in the Actions, that Council supports in principle, we feel that the ERP2 does not move us fast enough or contribute meaningfully to reducing emissions. The Actions we support:

- Government's objectives to double renewable electricity generation by 2050,

- The objective to install 10,000 electric vehicle (EV) chargers by 2030 (however, it is not clear how this aspiration will allow for new technology which may provide for better outcomes in the medium term),
- Policies that reduce emissions from vehicles, including investment in public and active transport services and infrastructure,
- Incentives to encourage energy efficiency in the freight industry, including shipping and aviation (noting that technologies to significantly reduce emissions from aviation and shipping do not as yet exist),
- Improvements to increase capacity and reliability on lower North Island train services for passengers and freight,
- Policies to help reduce agricultural emissions,
- Investment in waste minimisation, and organic waste and landfill gas capture.

A consistent national policy framework is needed

Council is supportive of strong Government leadership, through a consistent national policy environment that provides for all sectors, is fundamental to New Zealand achieving progress in emissions reduction, including for business communities who need stability from which to predict, plan, and invest in climate mitigation opportunities. On this basis:

- The ERP2 should also support initiatives by councils and communities who are already actively engaged in climate change mitigation, and problem-solving around adaptation choices such as who bears the brunt of its impacts and costs. A strong, reciprocal relationship between local and central government will be needed in adopting a long-term view of how best to:
 - Reduce overall emissions and realise potential co-benefits,
 - Invest in offsetting strategies which also realise potential biodiversity, eco-system services, and well-being benefits, and
 - Provide equitable and consistent adaptation pathways for communities to respond to the impacts of climate change.
- It will be important that there is consistency across government policy, and in this instance, including between the ERP2 and the NZ Climate Change Commission's and NZ Sustainable Business Network's positions, that:
 - Credible pathways for emissions reductions across economic sectors exist, and
 - These pathways can help improve efficiency, cost-savings, and provide a competitive advantage to our business communities, while helping us meet our international mitigation obligations.

Council is concerned that the ERP2 will not move New Zealand's emission reduction journey forward as well as it could

This arises from a combination of a fragmented national policy framework, the ERP2's sector focus (picking winners) and lack of support for local initiatives and is summed up in the ERP2's broad principles, 'least-cost', and 'net-based' approach, discussed further below.

Picking winners may not deliver the long-term progress desired

- The ERP2 actions, while in themselves are of value, picks winners without providing for the coherent and consistent policy approach that is needed to move the dial on emissions reductions and climate change action to ensure the long-term progress desired. For instance, the installation of 10,000 EV chargers by 2030 is not supported by the longer-term ambition to double renewable energy supply by 2050 – how will the national grid support the chargers (and increasing national fleet) in the meantime. Also, how does this match the policy direction elsewhere that removed incentives for people to switch to EVs.

Tackling transport emissions is a critical step to reducing emissions now and for the future

- In Kāpiti, as elsewhere, transport emissions make up the greatest percentage of emissions and must be meaningfully tackled to reduce the baseline. The many local initiatives being undertaken to reduce emissions in Kāpiti can then build from this reduction. Council, therefore, strongly endorses the intention to integrate transport investment with housing and land use planning, something Council has proactively pursued through its growth strategy, plan changes and other policy initiatives for some years now.
- To deliver on this, Council endorses the delivery of a high-functioning transport system at least cost (while noting that NZTA direction to regional transport prioritisation does not necessarily, from a least-cost approach, support this). Council also supports the draft Plan's emphasis on public transport. However, we would like to see this support broadened to other forms of active transport through re-instatement of the funding priority to cycle and shared pathways reduced through other government policy settings.
- The importance of achieving regional alignment of transport planning and investment is further discussed under the focus on successfully achieving a net zero approach.

Re-allocation of funding away from climate change action

- With respect to the transport sector, Council is also disappointed to see that the draft ERP2 is directing revenue previously prioritised for the Climate Emergency Response Fund, to general spending. This transfers the cost burden back to ratepayers rather than polluters and there will be fewer funding options for small/local initiatives.

'Least-cost' transition – removing barriers to enable rapid investment in a climate response to grow our economy and increase productivity

We agree that there is a need to remove barriers to enable rapid investment and to balance our response to climate change and growth in our economy to increase productivity.

Community initiatives build buy-in

- However, we are concerned that the opportunities being pursued by Council and our communities, on climate change and emission reduction, may be overlooked within the nationwide proposals and the proposed least-cost approach. In climate change mitigation 'localness' has an important role to play. It not only gets 'concrete' things done, but also provides for community involvement and buy-in, both of which are crucial to achieve long-term and enduring change. It also provides opportunities to involve people from across our communities, educating

our children and young people on the root causes of climate change and the need for emissions reduction, and committing the adult population to meaningful action, better positioning our society for change.

Working with Kāpiti businesses who have been championing sustainability and minimising waste

- Council is already working locally on sustainable business practice providing avenues for businesses to learn and apply more sustainable approaches. Council operates a sustainable business network where micro and small business are working together to leverage opportunity to upscale efforts related to climate change. We are finding that local businesses are supportive of taking action.
- However, micro and small businesses often lack the economies of scale that medium to larger businesses have to fully commit to responding to climate change. Funding or tax relief regimes and support for smaller business to incentivise shifts in business models is vital for further efforts. From this perspective we have some reservations around the least-cost approach and propose that further consideration of support to micro and small business is needed.

Accurately accounting for costs and benefits over time

- From another perspective, when assets affected by climate change have economic lives of 50 years plus (e.g. forests, urban development, rural infrastructure, council infrastructure), a maximised monetary return within shorter timeframes may not provide the enduring emission reductions required to meet local or national targets or our international obligations. Benefits and returns on investment may not always be where expected. That is where the ‘winning minds, changing lives’ of local initiatives have their greatest impact.
- As an example of a local initiative resulting in community-wide socio-economic benefit, Kāpiti Coast District Council is a recognised local government leader in emissions reduction, receiving various awards over the past decade for our mitigation work. Due to this emissions reduction work, Council is eligible for ‘Climate Action Loans’ from the Local Government Funding Agency. These loans offer Council a reduction in loan interest rates under green finance for our capital loans. We are currently transitioning our entire loan portfolio to this scheme, with material savings benefiting all our ratepayers and district businesses.
- Additional benefits of proactive mitigation can include equitable cost savings, improved health and wellbeing outcomes, biodiversity benefits, improved community and ecosystem resilience, and good economic stewardship. It is vital that all these co-benefits are taken into account when assessing costs and benefits of initiatives.

‘Net-zero’ approach – meet targets by a mixture of actions that reduce overall emissions and activities that remove greenhouse gases from the atmosphere.

Council has taken steps at a local level to support the ‘net-zero’ approach. In December 2023, Council set an aspirational net-zero emissions target of 2040 for the Kāpiti district, as part of its work towards a Climate Change and Resilience Strategy. This is 10 years ahead of the national net-zero target of 2050.

- Our path to net-zero focuses heavily on significantly reducing greenhouse gas emissions from transport (the district’s highest emissions source at 53%), energy, and urban development

activities. These foci reflect the Action areas in the ERP2. Additionally, the strategy emphasises the need for rapidly increasing exotic forestry to absorb carbon emissions (to provide an overall net zero emission result).

The need for central, regional, and local government to work together to be effective

- This means that our local aspirations are heavily dependent on leadership from and collaboration with central and regional government in relation to policy, legislation and resourcing, and not undermined at a national and/or regional level by NZTA and regional council priorities and expectations.
- For example, significant reduction in our transport related emissions is dependent on the continued expansion and incentivisation of our local public and active transport networks and services, which may require a wider envisioning of cost and benefits than that routinely used in transport related cost benefit analyses, including the use of longer pay-back periods. For Kāpiti district to achieve its targets even with offset with exotic forestry, we require a strong transition to low carbon living to meet this target.

Reliance on carbon sequestration

Council supports increasing the use of innovation and technology to bring new tools and approaches to support emissions reductions. However, we are concerned that a significant limb of the ERP2 'net-zero' is heavily reliant on carbon sequestration which is based on as yet untried technologies. This reliance is also bound up with forestation, and with the NZ Emissions Trading Scheme (NZ ETS).

Risks of reliance on carbon sequestration and the need to help focus the NZ ETS to support outcomes

- The Climate Commission's recently published '[Monitoring report: Emissions reduction](#)' highlights that although the Government is on track to meet its first emissions reduction plan, the 'NZ ETS cannot be relied on to ensure future emission budgets will be met'. On the basis of this, careful and more targeted monitoring of the impacts of the new tools related to carbon sequestration will be an important element of proposed next steps.

With respect to the NZ ETS we raise the following points:

- As per our previous submission regarding the review of the *2050 emissions target and draft advice on the fourth emissions budget period* we maintain that Government should review the NZ ETS in line with the Climate Change Commission's previous budget advice (Recommendation 4a). This will improve the ability of the NZ ETS to meaningfully reduce GHGs at source.
- There is a risk that relying on forest planting to remove carbon without undertaking a review of the NZ ETS could jeopardise the ability of New Zealand to meet future emissions budgets.
- Council would also make a strong plea for incentives that support the protection of our native biodiversity through permanent indigenous planting, a 'right tree' 'right place' approach.

- Incentives should also support permanent carbon sink planting and using indigenous plantings in areas of high erosion or cultural significance.

We would be happy to discuss the points outlined in this paper with officials and Ministers.

Yours sincerely



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