

‘Towards a
productive,
sustainable and
inclusive low
emissions
economy.’



Te Hau mārohi ki anamata

Towards a productive, sustainable and inclusive economy

LGNZ's submission on Aotearoa New Zealand's First Emissions Reduction Plan

June 2022

We are. LGNZ.

We are. LGNZ. Local Government New Zealand (LGNZ) provides the vision and voice for local democracy in Aotearoa, in pursuit of the most active and inclusive local democracy in the world. LGNZ supports and advocates for our member councils across New Zealand, ensuring the needs and priorities of their communities are heard at the highest levels of central government. We also promote the good governance of councils and communities, as well as providing business support, advice, and training to our members.

Summary

The ERP's strengths include its cross-government reach, its long-term view of how to deliver to our climate and wellbeing goals, and the connections it draws between existing work - such as the emissions trading scheme and carbon forestry - and proposed work, such as the Government's waste and transforming recycling proposals and clean car discounts.

However, there's still plenty of room for improvement. The ERP lacks strong leadership on decisions like congestion charges, agricultural emissions, and fundamental economic transformation.

While there's some indication of where the ERP involves local government, there's little detail around how each of the options identified for reducing emissions would be delivered and by whom. The Government needs to provide much more clarity on what councils' responsibilities under the ERP will be, specifically their role in setting targets and delivering emissions reduction actions. Local government is prepared to work with the Government to identify the role it can play in progressing actions, and the support that local councils will need to do that.

Our main concern is that the ERP does not demonstrate how the Government will provide substantially greater investment to ensure Aotearoa New Zealand can meet its carbon zero goals. The ERP fails to identify how each of the actions it suggests will be funded. This must be addressed as a matter of priority. The Government will need to invest heavily in transformations that significantly reduce emissions and ensure that these are delivered, otherwise there is a risk that investment will be spread too thin and that action will lack impact.

Furthermore, the cross-party support to date is for the budgets and targets rather than the full plan. While the ERP provides a roadmap of the planning and reform changes underway, more enduring bipartisan investment is needed in the next ERP if Aotearoa is to meet our climate targets.

This submission

LGNZ thanks the Environment Committee Komiti Taiao for the opportunity to provide feedback on *Te Hau mārohi ki anamata Towards a productive, sustainable and inclusive economy*—Aotearoa New Zealand's First Emissions Reduction Plan (ERP).

This submission sets out general comments and feedback on the emissions reduction plan rather than the specific emissions budgets. Ongoing discussions and mahi with our elected members have informed our submission. It has also been developed with input from the Aotearoa Council Climate Network— a network of officers from across the motu who are committed to working together to prepare their communities for climate change by sharing best practice and knowledge across the local government sector.

Background

LGNZ and the local government sector recognises climate change as a significant challenge that requires immediate and urgent action. Councils and their communities are already mitigating and adapting to the impacts of climate change – and are committed to doing more.

Councils have significant experience developing emissions policies, and measuring, reducing and reporting on their organisational emissions. Many (69 of 78) councils, sometimes with neighbouring councils and collectively as regions, have developed emissions inventories.

LGNZ's work on climate change has largely focused on bringing collective attention to the climate change challenge and a commitment by the sector to responding to the challenge, including by supporting councils to integrate climate change action into their planning, as well as influencing the Government's work on climate change.

For Government to successfully deliver the ERP, partnership with local government is crucial. This submission sets out how the Government can better partner with, and support, councils and their communities to address climate change. This is critical as the impacts of climate change – and the impacts of transitioning to carbon zero – will be felt locally.

What the ERP means for local government

Delivering emissions reductions will require changes to the way councils offer services, plan, invest, and develop and use buildings and infrastructure, to encourage and support behaviour change in our communities.

There is little reference through the ERP to the role that local government can, does and will play in supporting New Zealand to meet its carbon zero goals. Neither are references made to the support, tools, resources and funding local government needs to meaningfully contribute to the Government's emissions reduction goals.

We've set out the areas addressed in the Plan that are important to local government below:

- Planning – integrated land-use planning, place-making and urban design
- Infrastructure – how we plan, prepare, develop and use infrastructure and infrastructure lifecycle emissions
- Forestry – the Government's forestry work programme and the biofuel economy
- Water – nature-based solutions and co-benefits of delivering the *Essential Freshwater Package*
- Transport – public transport, active and mode changes
- Building consents – Building Code changes, emissions from new buildings and construction and demolition waste
- Waste – the Government's *Transforming Recycling* proposals and landfill gas collection
- Community and cultural facilities – renewable power, low emissions buildings
- Funding and finance – low carbon investment decisions and Government Procurement Rules
- Behaviour change – supporting communities and businesses to transition to lower-emissions alternatives.

LGNZ is generally supportive of the actions outlined in the ERP for these areas, and in particular actions relating to planning and infrastructure initiatives, low-emissions-resilient buildings and urban

development, water, waste and forestry. However, we have concerns with the funding, transport and behaviour change sections of the Plan and expand on these below.

Given the multiple workstreams and programmes underway that will impact on whether we achieve our emissions reduction goals, care needs to be taken to ensure there are no inconsistencies between the various reforms, proposed strategies and plans that are in development and the ERP. Inconsistencies will create unnecessary complexity for local government and may result in perverse outcomes for communities.

Areas for improvement

Central and local government partnership to mitigate climate change

Although the ERP is a national-level plan, local government will play a significant role in Aotearoa New Zealand's transition to carbon zero. A considerable amount of the action needed to reduce emissions will be carried out and have implications at the local level - for example congestion charging, integrated land-use planning and place-making, and issuing building consents. There is an assumption throughout the ERP that many of the actions will be delivered, supported or enabled by local government.

However, to support necessary action at the local level, the Government should partner – and not just collaborate – with local government. The Heads of Agreement agreed between the Crown and LGNZ commits the Crown to extending the partnership-based approach outlined in the Agreement to other areas of reform that significantly impact local government. The ERP does not reflect this partnership.

The ERP does not differentiate between rural and urban situations

The ERP contains no regional emissions reduction targets or expectation on how emission reductions will be regionally distributed. For example, it is unclear whether Wellington and Southland will both be expected to reduce carbon emissions or vehicle kilometres travelled at the same rate, or whether differential rates will apply to factors such as urban density and emissions from agriculture? We recommend that the Government identify the appropriate scale at which action is taken – whether that be local, regional or national.

The Plan must also outline how national policy flows into local action. To achieve the Government's emissions reduction goals, local authorities and communities must be equipped to understand the part they must play so that they can move at pace in a unified direction, starting as soon as possible. It is unlikely this will happen cohesively without clearer direction. National direction should be developed in partnership with local government, and we recommend a collaborative approach to set regional emissions reduction targets that are guided by local perspectives, abilities and objectives. This will help ensure that urban and rural communities are empowered to transition in a just and equitable way, in line with local objectives and aspirations

Considerably more work is needed to identify how the actions set out in the ERP will be funded

The ERP states that funding and financing for local climate change projects will come from both central and local government. However, it fails to identify how and by whom the actions it suggests will be funded.

Local government has repeatedly raised the need for central government funding to be made available to support councils to take mitigation action and manage the transition with their communities – councils are struggling to meet these costs on their own. These cost pressures are expected to grow as councils respond to the ERP direction. This is particularly important when considering the cost pressures associated with delivering core council services for communities that align with the ERP – such as public transport and infrastructure.

We recommend that the Government adopts a principle that any new policy to achieve carbon zero is supported with appropriate national level funding and an analysis of the funding that will be required at regional and local levels to support implementation. This approach should also be extended out to the cost-benefit analysis of any ERP regulatory change that directly impacts councils. This may assist the Government to take an approach of prioritising projects that will generate the most emissions reductions and/or support equitable transition outcomes for the most vulnerable communities.

It is also important funding is allocated at appropriate timeframes to enable the delivery of initiatives, recognising that contestable funding doesn't provide councils with predictability – which is critical to planning. Funding allocations should reflect the different starting points that councils and communities will be at.

Moving to a circular economy as outlined in ERP is an admirable vision. But to achieve this, we consider that the Plan underestimates the transitions required in the community and economic sectors to achieve future-proofed, circular systems. The Government will need to review what funding and financing models, and tools, will be needed.

Tools, guidance and resources

The ERP acknowledges that while some councils have well-developed targets and reductions plans in place, with funding and financing options, many lack the capacity, capability or funding to plan for and implement the action that is required. The ERP recognises that some councils will need support and guidance from central government to ensure they have the ability and resources to make necessary change.

Local government has indicated to the Government for a number of years now that it would benefit from access to a range of consistent, easy to use tools, guidance and resources to support it (and its communities) to contribute to emissions reductions, including:

- consistent tools for measuring, forecasting and reporting on emissions
- guidance on how to set emissions reduction targets for districts/regions that are aligned with national targets
- calculating embedded carbon across buildings and the infrastructure asset lifecycle – from construction to use, maintenance and end-of-life
- factoring climate change considerations into planning decisions, business cases and investment decisions
- best practice guidance on behaviour change and communication approaches.

Resources and upskilling

Ensuring that New Zealand has the workforce capacity, capability and skills needed to deliver low carbon transition work requires needs greater prominence in the ERP. There is a need to build central government capability and capacity in the climate change mitigation space. The same is true for local government. Local government will need support and guidance from central government to build capacity and capability, understand their roles and responsibilities for emissions reductions and ensure they have the tools and resources needed.

Analysis of how transition to, and growth of, a low carbon future will reshape labour markets and skills needs is required. We encourage the Government to work closely with the tertiary sector, LGNZ, Taituarā and other member bodies (such as the Institute of Public Works Engineers) to identify and come up with a comprehensive plan to support:

- strategies for partnerships
- education and training programmes, including retraining
- skill-enhancement opportunities
- jobs in low-emissions industries.

Kaupapa Māori

Despite a principle of *Empowering Māori led by Māori to uphold their rights and interests under Te Tiriti o Waitangi*, the ERP is light on detail around what a Te Tiriti partnership to support the delivery of emissions reductions will look like. While there is a commitment to establishing a platform for Māori climate action in partnership with Māori, little detail is provided about the form or functions of this platform and how Māori will be involved in its development.

LGNZ strongly encourages the Government to support iwi/hapū/runanga to share their knowledge to ensure that the ERP and local plans and policies consider local kaupapa Māori solutions and deliver outcomes for whānau.

Aligning other reforms with the carbon zero transition

It is critical that work on the ERP aligns with other central government led reform and policy work programmes that are underway, including the reform of the Resource Management system, Three Waters reform, the Future for Local Government review, the National Policy Statement for Urban Development and development of the National Adaptation Plan, to name but a few.

For example, integrated land use and transport planning is critical to generating the mode shifts that are needed. There must be alignment of objectives between the ERP, the proposed Spatial Planning Act and the National Planning Framework, and emissions reduction goals should be priority considerations in the proposed Regional Spatial Strategies. Failure to do this risks an inconsistent and unclear regulatory and strategic environment at best, and creating a system where the objectives of reform (including carbon reduction) will lack impact and, at worst, are not met.

Enabling behaviour change

The ERP needs a stronger focus on how to support households, iwi/Māori, communities, and businesses to transition to lower-emissions alternatives. We would like to see more focus on opportunities for

collaboration and more innovative initiatives directly within communities such as increasing social enterprise, community energy initiatives and local food systems.

Local government has, for a number of years now, called for a national campaign to drive emissions reduction behaviour change – similar to national road safety and smoke free campaigns. Such a campaign would need to drive positive change and align with local aspirations and objectives. Local government is well-placed to support the Government with the development of behaviour change campaigns.

Transport choices

Transport is the sector where there is the most comprehensive range of options for reducing emissions and a number of actions relevant to local government.

However, we reiterate earlier concern at the lack of detail about how each of the options would be delivered, by whom, and how they would be funded. Central government funding to support changes to and development of street space for public transport, walking, cycling and shared mobility infrastructure in urban areas will be critical. The local government rating system alone will be insufficient to finance the scale of transition needed.

LGNZ agrees that the Government must partner with local government to co-design and develop solutions to reduce transport emissions – since councils play a critical role in planning, funding and delivering transport networks and options, and play a key role in integrating land-use, urban development and transport planning. We need to collaborate on road pricing, a national EV infrastructure plan, enabling accessible and affordable public transport and ongoing investment into the local roading network.

Conclusion

For Government to successfully deliver the ERP, partnership with local government is crucial. This is critical given that the impacts of climate change – and the impacts of transitioning to carbon zero – will be felt locally. Local government wants to continue to work with the Government to identify how it can better partner with councils and their communities to address climate change and the support that councils will need to do that.