



Draft Submission

Zero Carbon Bill Discussion Document

Ministry for the Environment

July 2018

Mihi

***Ka mihi ake ai ki ngā maunga here kōrero,
ki ngā pari whakarongo tai,
ki ngā awa tuku kiri o ōna manawhenua,
ōna mana ā-iwi taketake mai, tauiwi atu.
Tāmaki – makau a te rau, murau a te tini,
wenerau a te mano.
Kāhore tō rite i te ao.***

*I greet the mountains, repository of all that has been
said of this place,
there I greet the cliffs that have heard the ebb and
flow of the tides of time,
and the rivers that cleansed the forebears of all who
came those born of this land and the newcomers
among us all.
Auckland – beloved of hundreds, famed among the
multitude, envy of thousands.
You are unique in the world.*

Introduction

1. Auckland Council and its four largest Council-Controlled Organisations (CCOs), including Auckland Transport, Watercare, Panuku Development Auckland and Auckland Tourism Events and Economic Development (ATEED), thank the Ministry for the Environment for the opportunity to provide feedback on the Zero Carbon Bill Discussion Document (Discussion Document).
2. We have enjoyed a strong partnership with Government through the Ministry for the Environment and Transition Hub, agreeing a set of collaborative workstreams around the Zero Carbon Bill (ZCB) and Auckland’s Climate Action Plan (ACAP) as well as collaborative ways of working together including the sharing of team resources. This was enhanced by the joint engagement launch of the ZCB and ACAP on 7 June 2018 with Minister James Shaw and Environment and Community Committee Chair Penny Hulse. The launch helped cement the connections between our important collective work and provide clarity to the public about their relationship. We are eager to build off of this groundwork and identify additional opportunities in the future as we work toward a zero carbon, climate-resilient Auckland and New Zealand.
3. The transition to a climate resilient, low carbon economy and society is a priority for Auckland and Auckland Council. Such a transition presents a number of challenges to local and central governments as well as significant opportunities. For instance, funding the transition in the short term is likely to require additional capital spend – at least in the short term¹. Yet evidence and modelling support a direct connection between climate policy and economic

¹ Although such additional spend may be only a few percentage points of overall capital spend, oil price fluctuation can often be greater than those few percentage points and large-scale efficiency investments can provide a high average rate of return. See, for instance, McKinsey & Company (2008), *The carbon productivity challenge: curbing climate change and sustaining economic growth*.

growth, where action on climate change results in greater growth, productivity and overall well-being².

4. Moreover, a successful and productive Auckland, like any city, is predicated on a number of requirements with direct connections to the low emissions transition and to building resilience to climate change. These include transport choice, clean energy, public green space provision, and a high-quality and safe built environment. These have been shown to improve economic outcomes including agglomeration benefits, and lower and avoid costs.
5. While challenges exist to making the transition just and equitable, a low emissions and climate-ready transition done well is likely to help reduce the burden on our most vulnerable populations. A just transition can help to mitigate energy insecurity and projected cost escalation, reduce documented air quality and health costs associated with burning fossil fuels and from poor quality built environments, and help to reduce risk from the impacts of a changing climate like increased flooding, temperatures and sea level rise.
6. Auckland Council has long advocated for stronger leadership from central government to support New Zealand's transition to a low emissions and climate-ready future, including advocating for a clear government mandate to provide businesses with confidence to make long-term investment decisions, policies and legally binding targets, financing mechanisms and monitoring of progress³.
7. More specifically, Auckland has called for sector-based leadership from Government including but not limited to:

Transport and land use

- Targets and prioritised transport investment to reduce emissions, reflected in the Government Policy Statement (GPS) for Transport
- Integrated transport and land use outcomes across agencies through funding signals in the GPS and National Land Transport Plan (NLTP)
- Investigation and implementation of land value capture funding mechanisms to link infrastructure costs directly to the benefit/value created
- Acceleration and extension of low emission, rapid public transport and active transport networks
- Emissions standards and/or age limits for New Zealand's vehicle fleet

Built environment and energy

- Addressing issues of competition in the building materials sector that impact on construction costs including for brownfield development
- Development of a social cost of carbon for inclusion in business cases across Government
- Review and update of the building code and allowing local governments to mandate higher standards

² See, for instance, OECD (2017), *Investing in Climate, Investing in Growth*. OECD Publishing, Paris. Available from: <https://www.oecd.org/environment/cc/g20-climate/synthesis-investing-in-climate-investing-in-growth.pdf>

³ Note Auckland Council's submission to the New Zealand Productivity Commission's Inquiry into the Transition to a Low-emissions Economy Issues Paper (October 2017): <https://www.productivity.govt.nz/sites/default/files/sub-low-emissions-97-auckland-council-1196Kb.pdf>

- Requirement of a minimum energy efficiency standard
- Mandatory building energy ratings to raise awareness and drive market demand

Waste

- A substantial increase to the waste levy to facilitate movement toward a low emissions economy and better materials management, while creating employment and business opportunities from a more circular economy
 - Targeted regulation to reduce commercial waste to landfill
 - Product stewardship or 'extended producer responsibility' (EPR) to shift responsibility for recovery, recycling and disposal of products to the manufacturer
 - Amendment of the Waste Minimisation Act 2008 to either give greater control of waste reduction to councils or apply the same responsibilities to industry
 - Regulatory changes and considerations such as a more ambitious renewable energy target (up to 100 per cent renewable)
8. Cities are a key part of the transition and play a critical role in helping countries meet and exceed emissions reduction targets of the Paris Agreement to avoid catastrophic climate change. Given its size, emissions, economic and social roles, and current and future climate impacts, Auckland's success in a zero carbon, climate-resilient transition is critical to the Government's success – and vice versa.
 9. Auckland is taking action on a number of fronts to plan, fund and build climate solutions to help deliver on national targets, often in partnership with central government. Our existing regional target of 40 per cent reduction of 1990-level emissions by 2040 is ambitious but new evidence suggests that those targets may not be significant enough to align with the national and global ambitions of the Paris Agreement to which C40 Cities like Auckland are committed to locally.
 10. Auckland Council has been reviewing existing strategies, targets and action plans and is currently undertaking the development of an integrated climate action plan that tackles both adaptation to climate change and emissions reductions. There are multiple opportunities to align with government direction, ambition and frameworks in the development of our approach locally and are optimistic about our collaboration, especially in light of our joint launch event on 7 June 2018 in Auckland and partnership agreement.

Discussion Document Questions

Emissions Targets (Questions 1-4)

11. The first four questions in the Discussion Document relate to emissions targets. We reiterate our previously-stated position that long-term predictability and transparency for all sectors is a prerequisite to a planned and smooth transition that minimises negative impacts on jobs, livelihoods and fairness. Furthermore, recent evidence suggests an urgency in developing pathways toward climate stabilisation – some accounts suggest such pathways need to be

locked in by 2020⁴. Therefore, **Auckland Council supports a 2050 target in legislation now instead of a goal to reach net zero by the second half of the century** – noting as well that the details for target setting and establishment of the Commission are vaguer in the latter approach.

12. Evidence and current commitments suggest that the best target for New Zealand is the target of net zero emissions across all greenhouse gases by 2050 instead of simply net zero carbon dioxide or net zero long-lived gases and stabilised short-lived gases. Auckland Council has and continues to support including methane in the NZ Emissions Trading Scheme (NZ ETS) as a matter of priority. Likewise, Auckland Council has previously supported net zero emissions from all long-lived climate pollutants by 2050 and sustained emissions reductions in methane and other short-lived climate pollutants. Recent evidence and reflections on our Paris Agreement commitments; consideration of broad co-benefits, innovation, opportunities and potential economic impacts; and deliberation on the different time scales to reach temperature stabilisation have influenced us to **support a more ambitious position of net zero emissions from all greenhouse gases by 2050**.
13. Meeting emissions targets should primarily come from domestic reductions including new forest planting. We consider this an “invest now in New Zealand” approach with short-term price implications but long-term benefits realisation. That said, we support a phased approach to using international carbon units (e.g., initially using international carbon units with a planned approach to phasing out their use). Using international units is less ideal given that the ancillary benefits accrue locally but we recognise that their use is likely realistic given the implications of an ambitious target. **We support stronger language in the Bill that international carbon units be used to offset residual emissions after all other means of reducing domestic emissions have been exhausted**. We also suggest better defining “strong environmental safeguards.”
14. **Auckland Council does not support revision of the target downward/later if circumstances change**. This would interfere with the predictability and transparency necessary to steer policy direction and likely result in slippage. However, we would support a more ambitious ratcheting of the target, including one to emissions positive or earlier delivery (e.g., net zero by 2040).

Emissions Budgets (Questions 5-10)

15. **Auckland Council supports having in place a series of three emissions budgets to help provide predictability and progress on reductions through political cycles**. Five year cycles help focus on action and provide adaptability and agility in meeting targets. The role of the Commission should be made explicitly clear in this process.
16. Any allowance for the Government to alter emissions budgets should be taken quite carefully, and done frugally given the perceived and actual risks and impacts. Adjusting the third/final budget in the sequence should be done sparingly and without pushing responsibility for

⁴ C40 Cities & Arup (2016), *Deadline 2020*. C40 & Arup, London.

emissions reductions into the future. **Allowing such careful modifications of the third/final budget may add some pragmatic flexibility but should only be done when the subsequent budget is set and with a high degree of caution and frugality. We do not support adjusting the second budget – even in ‘exceptional circumstances.’**

17. **Auckland Council generally supports the proposed considerations for the Government and Commission to take into account when advising on and setting budgets.** Scientific knowledge about climate change, an awareness of technology relevant to climate change, and policies like energy policy underpin what a zero carbon transition requires and pathways to get to net zero. Economic, social and fiscal awareness of potential impacts on the economy, sectors, taxation, and public spending and borrowing will help mitigate unintended and undesirable economic and social consequences from the transition. Obligations to Te Tiriti o Waitangi are of critical consideration as is a commitment to integrate and reflect Te Ao Māori. Finally, as suggested in the Discussion Document, consideration of a sustainable and circular economy, global and local leadership (to which Auckland is committed) and creating a just and inclusive society are paramount.
18. **Plans to meet emissions budgets should expediently follow within a set timeline from budget setting. We recommend that Government take into account a number of issues when setting plans,** including but not limited to: consideration for a just and equitable transition, consideration of local government and urban needs, consideration of investing in New Zealand to gain a wide range of benefits beyond but associated with carbon reduction, and consideration of offshore impacts and leakage.

Climate Commission (Questions 11-13)

19. **Auckland Council supports the role of an independent body to oversee New Zealand’s climate change commitments.** We have previously stated support⁵ for the body to be given the right powers to enable domestic and international targets to be met against a carbon budget, that it is placed outside political cycles, that it has a clear remit to support the work of local government and that budget and plans are linked to required actions by local government, and that its work encompasses both mitigation and adaptation.
20. We therefore **support the function of the Climate Change Commission to advise and monitor New Zealand’s progress toward emissions goals as stated in the Discussion Document.** Specifically, we believe the Commission should advise on emissions budgets and monitor progress, provide independent advice on focus areas in the economy and related considerations, enable a periodic check-in on the target level (but not a regression), monitor progress toward addressing climate risks and help frame up a national climate adaptation plan, and advise on how/when we use international emissions reductions toward our target (more below). **While we do not support a full decision-making role in setting policy under its own authority at arm’s length from Government, we suggest strong language in the final bill that urges Government to seriously and fully consider advice in its decision-making.**

⁵ See <https://www.productivity.govt.nz/sites/default/files/sub-low-emissions-97-auckland-council-1196Kb.pdf>

21. The Commission's role regarding the NZ ETS should be carefully considered. Simply advising the Government on policy settings may place unnecessary weight on political cycles and dynamics, while providing full decision-making power, while pragmatic to achieve targets, may carry the weight of an unprecedented transfer of traditionally government decision-making. **A hybrid approach is recommended, likely landing in the strength of the Bill's final language in how the Government "should" or "must" "receive" or "act on" recommendations from the Commission on things like the number of units available in the NZ ETS.** Concomitantly, we suggest careful selection of Commission members and clear transparency in the selection process. This includes ensuring a range and balance of domestic and international expertise and that there are no significant gaps.
22. Note that Auckland has taken a similar approach with the formal appointment by the Mayor and Councillors of an Independent Advisory Group to check and challenge Auckland's climate action plan, targets, actions and our implementation progress. **One recommendation that flows from our appointments is the recognition of public health as a crucial component to the expertise of the Commission.** Such expertise is not recognised in the Discussion Document.

Adaptation (Questions 14-16)

23. **We have supported and continue to support the inclusion of climate adaptation in the Zero Carbon Bill.** This is an approach we have committed to as part of the development of Auckland's Climate Action Plan and one taken as best practice by leading cities around the world. Simply put integrated solutions across both mitigation and adaptation can deliver smarter, better and multiple outcomes across well-beings.
24. **Auckland Council broadly supports a number of proposed new functions to adapt to climate change. We support a national climate change risk assessment as necessary to better understand risk, provide a foundation for investment, allow for greater transparency and communication of risks, and help prioritise integrated and systematic actions across all sectors.** As noted in the Discussion Document, future risk assessments would help stabilise the policy environment given a broad view of trends and continuity. Note that Auckland Council is currently undertaking a climate risk and vulnerability assessment for Auckland with social, environmental and economic lenses as we believe in its value in the decision-making process.
25. A national adaptation plan to identify actions, clarify roles, align with community resilience-building, encourage proactive planning and coordinate across government and sectors is crucial to our climate response as a nation. Again, Auckland Council is currently undertaking an integrated climate action plan that undertakes this task for the Auckland region. **While we support development of a national adaptation plan now to address priority areas, we suggest in the long-term that the Commission and Government more fully integrate climate adaptation and mitigation** so that they do not sit separately. Meanwhile, areas of obvious opportunity for integration should be addressed, such as forestry and green and blue infrastructure.

26. **We support an adaptation reporting power and a requirement for mandatory climate risk reporting** so that organisations are more prepared to manage climate risk, that organisations' efforts are coordinated more effectively, and that Government can more holistically design policies and approaches to encourage adaptation. We consider it likely that any additional costs associated with such adaptation reporting will likely accrue as benefits given avoidance or mitigation of climate risks in the longer-term.
27. Learning from the UK model highlights how consistency and guidance must be applied in the implementation of the adaptation reporting power. This is essential to ensure that it provides sufficient information to Government for a clear understanding of the risks and vulnerabilities faced by New Zealand and for surety that these are being acted upon. Establishing clear guidance would require upfront resourcing from Government (in collaboration with the relevant sectors) but would deliver clearer outcomes.
28. Local Government in the UK does not currently fall into the remit of the adaptation reporting power leaving a significant gap in understanding of the true picture of risk. This decision was made due to perceived reporting burdens to Local Authorities. **We recommend that Central Government work closely with Local Government in establishing an approach to identifying and reporting on current adaptation practices.** The UK established a Local Adaptation Advisory Panel to support this and this could provide a potential model for New Zealand.

Additional Considerations

29. In addition to advising on emissions targets and budgets, the **Commission should have a strong role in reporting on progress.** Like the UK Committee on Climate Change does, the independent Commission would also hold the Government to account in ensuring budgets are met and advising where further progress or changes in approach may be necessary.
30. Related to the Zero Carbon Bill, Auckland Council **strongly suggests embedding climate change and emissions reduction in land use and planning policy** as part of a larger package to deliver co-benefits to New Zealanders. This is consistent with the recommendations previously made by the Productivity Commission in its 2017 Better Urban Planning Inquiry and aligns with Auckland Council submissions on the Productivity Commission's inquiry to the transition to a low-emissions economy⁶.
31. **We underscore the critical importance of a just and equitable zero carbon, climate-resilient transition.** This means prioritising actions and approaches that help reduce the burden on our most vulnerable populations and, thus, that mitigate, reduce or eliminate issues like energy insecurity/poverty, air quality impacts, poor quality housing and risks from climate impacts. We applaud the reintroduction of the four well-beings into the Local Government Act via the Local Government (Community Well-being) Amendment Bill. Doing so will make it far clearer that local governments play a role beyond core services to maintain and restore a range of capitals (e.g., human, natural, social) and broader social, economic, environmental and cultural outcomes. Likewise, we support NZ Treasury's Living Standards Framework approach

⁶ See <https://www.productivity.govt.nz/sites/default/files/sub-low-emissions-97-auckland-council-1196Kb.pdf>

that considers the collective impact of policies, spending and interventions on intergenerational wellbeing.

32. Similarly, **Auckland Council strongly supports partnering with tangata whenua** in the development of a legislative framework around climate change. We strongly believe that this also applies at a local and regional level in our efforts described below to develop a Climate Action Plan for the Auckland region. A number of mechanisms are being used to ensure that mana whenua and mataawaka are involved in advising, process development and decision-making.
33. As previously stated, **adaptation to climate change should be included as a critical element of the Zero Carbon Bill**. Measures to mitigate climate change are interconnected with other societal goals and can provide multiple co-benefits which could be maximised by integrating with climate adaptation and resilience.
34. We reiterate that in order to deliver on national and regional targets, **central and local governments need to work in partnership**. Auckland is currently developing an integrated climate action plan and has agreed a set of collaborative work streams with Government through the Ministry for the Environment and Transition Hub. Our approach and main pillars of the work align very well with the Zero Carbon Bill approach – namely, 1) we are committed to integrating adaptation and mitigation, 2) we have established an Independent Advisory Group to check and challenge our work, 3) we will be reviewing our target with an aim to align with zero carbon by 2050, and 4) our plan intends to set targets and/or carbon budgets by sector to meet our target.
35. Thus, we strongly suggest building on our partnership and continuing down the path of closer collaboration and nested approaches in the planning and delivery of a zero carbon and climate resilient Auckland and New Zealand. **To those ends, we also suggest that the legislative and institutional package have a clear remit to support the work of local government** on climate mitigation to deliver real emissions reduction and climate resilience in local communities.