

By email

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Tēnā koutou

Submission on the Emissions Reduction Plan (ERP) discussion document

Greater Wellington Regional Council (Greater Wellington) thanks the Ministry for the Environment (MfE) for the opportunity to make this submission on the Emissions Reductions Plan (ERP) discussion document.

While Greater Wellington broadly supports the focus and values underpinning the ERP discussion document, the Government's emission reduction targets need to go further to ensure alignment with the global goal of limiting warming to 1.5°C above pre-industrial levels.

This submission begins with a summary of our recommendations for how the Government can

- accelerate decarbonisation of the transport sector, with a focus on increased investment in mode shift to improve uptake of public transport and active modes, and
- harness nature-based solutions to address the dual crises of climate change and biodiversity.

Further context and rationale for our recommendations is provided in the subsequent sections.

Summary of recommendations

Regional Land Transport

Greater Wellington, together with all councils in the region, Waka Kotahi and KiwiRail, have agreed to target a reduction in the region's land transport emissions of 35% by 2030. In rising to the challenge, there are a number of areas we need action from central government to facilitate systems level change. Our **recommendations** to Government are:

Targets

1. Following the new target presented at COP 26 in Glasgow (*"an updated Nationally Determined Contribution to the Paris Agreement that will require New Zealand to cut net*

climate pollution by 50 per cent below gross 2005 levels by 2030”) we recommend that the Government match these ambitions by updating the transport targets in the ERP “that will generate a 41 percent reduction in transport emissions by 2035 from 2019 levels, as suggested by the Commission”.

2. Upgrade the ERP transport target “1. Reduce vehicle kilometres travelled (VKT) by cars and light vehicles by 20 per cent by 2035 through providing better travel options, particularly in our largest cities” to a national target equivalent to the target in the Greater Wellington 2021-31 Regional Land Transport Plan, i.e. “40% mode share shift from cars to public transport, walking and cycling by 2030”.

Planning and funding system

3. Reform transport investment decision making and funding approval settings and processes, to accelerate delivery of both “quick wins” and long-term transformational programmes.
4. Work with public transport authorities and road controlling authorities to identify and remove regulatory barriers to delivery.
5. Establish adequate and sustainable funding sources to support the scale of Government’s emission reduction ambitions.
6. Provide the tools and partnerships needed to re-shape our cities and change the way we travel, including funding tools for both cost-recovery and ‘value uplift capture.”
7. Develop nationally consistent and robust tools to measure and monitor emission reduction at the national, regional, local and project level.
8. Waka Kotahi partner with regional councils to develop regional action plans to deliver on mode shift.

Behaviour change

9. National-level focus on building the social licence for change, paired with better funding and support for travel demand management and behaviour change programmes at the local and regional level.
10. Extend the availability of congestion charging, recently recommended by Select Committee for Auckland, to the whole country.

Passenger rail and freight

11. Support the work by Mayors and Chairs of Councils on the North Island Main Truck (NIMT) route to develop a high level feasibility study for a ‘connector’ regional passenger rail service between Hamilton and Palmerston North, connecting the Te Huia service between Hamilton and Auckland, and the Capital Connection service between Palmerston North and Wellington
12. Urgent advancement of the National Freight Strategy to accelerate decarbonisation and mode shift away from road transport.

Renewable energy supplies

13. More investigation to estimate the nation’s renewable energy generation, transmission and distribution requirements through to 2050, and introduction of suitable measures to ensure that the market is incentivised to invest in long-term capacity.

Public Transport

In line with our regional land transport emissions goals, Greater Wellington has set ambitious targets to increase mode shift to public transport, walking and cycling by 40%, decarbonise the Metlink bus fleet by 2030, and reduce public transport emissions by 60% by 2030. Whilst we acknowledge the support we receive from Waka Kotahi officials, and the financial contributions from the National Land Transport Fund (NLTF) to date, we do not believe the current central government funding model is fit for the future. Our **recommendations** to Government are:

Accelerated investment in public transport

14. Establish a separate capital expenditure fund, through Budget 2022, through which public transport capital projects can be rolled out with certainty and priority (e.g. charging facilities and transport stabling).
15. Provide increased funding support under the ERP to support further investment through national procurement of electric buses, to accelerate decarbonisation of bus fleets in cities and towns by 2030; and to support investment under ERP in tri-mode electric trains within the Lower North Island Regional Integrated Mobility business case, recently submitted to enable funding commitment under Budget 2022, to achieve mode shift from cars and other light vehicles to increased train services between Wellington and Palmerston North, and Wellington and Wairarapa, and accelerated emissions reduction.
16. Provide increased funding support under the ERP and through the Financial Assistance Rate (FAR) to enable Public Transport Authorities (Regional Councils and Auckland Transport) to work with bus and train companies to establish fair pay agreements that will solve the current problem of shortage of drivers, and thereby enable public transport services to meet high standards of punctuality and reliability and accelerate mode shift.
17. Consider together the full range of calls for additional funding support under the ERP and through the Financial Assistance Rate (FAR), including the underlying financial framework, frontline wages, terms and conditions, procurement of new assets, as well as the options for free and discounted fares on PT (such as the proposal by the Aotearoa Collective on Public Transport Equity for free public transport for Community Service Card Holders, tertiary students, and under-25s), to achieve objectives of mode shift, higher public transport patronage, transport equity and reduced carbon emissions.
18. Urgently review and streamline the current Business Case and funding approval processes to enable the expedition of national and regional priorities.
19. Greater Wellington supports the Ministry of Transport's review of current transport legislation to remove restrictions on public transport funding and provision.

Operating costs and funding

20. Ring-fence and guarantee operational funding for public transport within the NLTF for the foreseeable future. This will give all partners the ability to strategically plan and grow operational coverage of public transport services across New Zealand, and adequately compensate Public Transport Authorities for operational shortfalls from unforeseen or unexpected decisions.

Making public transport attractive for employers and workers

21. Greater Wellington supports IRD to review of Fringe Benefit Tax and other tax settings to remove barriers to employer support for public transport usage.

Natural Infrastructure

Building our natural infrastructure, through nature-based solutions and indigenous biodiversity, is crucial to sequestering carbon and providing climate resilience and adaptation benefits. It is well evidenced that neither the climate crisis nor the biodiversity crisis will be successfully resolved unless both are tackled together. Our **recommendations** to Government are:

Investment in nature-based solutions

22. Significantly increase investment in wide-ranging nature-based solutions to prevent further loss and enable restoration of carbon and species-rich ecosystems on land and in water, including wetlands, peatlands and estuaries, in addition to native forests.
23. Increase investment in research, monitoring and evaluation of how our indigenous ecosystems and species will respond to climate change and how best to implement nature-based solutions.

Afforestation

24. Greater Wellington does not support the exotic afforestation targets and strongly recommends reassigning the planted forest targets to native habitat restoration to avoid maladaptive outcomes.

Biofuels

25. Do not pursue a biofuels mandate as the risk of unintended adverse effects making the climate crisis worse, not better, is too high. More targeted measures than a mandate are needed to achieve the outcome of a sustainable, low emissions and local bioeconomy.

Emissions Pricing

26. Greater Wellington supports introducing an extra fee when surrendering pine plantation emissions units as an uncomplicated method that will create a revenue stream from emitters to the Government that can be used to fund gross emissions abatement activity.
27. Greater Wellington supports building the evidence base for counting carbon sequestered by forests through pest management, particularly from pre-1990 forests.

Overall Comments

We believe the climate change challenge requires a response founded on *urgency, integration, Treaty partnerships* and *equity*. Our **recommendations** to Government are:

28. The urgency of the challenge must be met with more immediate diversion of funds and resources to enable action now, particularly to build public transport capacity through immediate investment in critical infrastructure and service provision.
29. The climate change response must be integrated into all Government action and reforms.
30. Greater Wellington strongly supports plans for central government to partner with iwi/Māori and local government to implement emissions reduction pathways and actions. To enable genuine, active and enduring partnerships with iwi/Māori, two key challenges need to be addressed. These include the capacity of iwi/Māori to partner and the methods that are used to engage, which are often based on colonial methods. True partnerships require that partners are equally resourced and able to meet on equal terms.
31. Care must be taken to ensure a just transition for all.

Section 1: Regional land transport

Greater Wellington welcomes the suite of initiatives proposed to reduce transport emissions. At the regional and local level, we believe enabling the accelerated delivery of mode shift activities is the most significant and beneficial approach.

Through the recently adopted Wellington Regional Land Transport Plan 2021 (RLTP) Greater Wellington, along with its partners - all local councils in the region, Waka Kotahi and KiwiRail - have agreed to target a reduction in the region's land transport emissions of 35% and a 40% increase of public transport and active modes share by 2030. We have collectively agreed policies to support this direction and have identified and prioritised a programme of activities to move toward these targets and other important transport outcomes like safety and resilience.

In the recently released National Land Transport Programme (NLTP), we welcomed the inclusion of 92% of Greater Wellington's bid. This is much welcomed support for our programme and will be of considerable assistance in the pathway towards our emission reduction and mode shift targets. However, significant obstacles remain for us, and our RLTP partners, in playing our part to achieve a just transition to a low carbon transport sector.

In rising to the challenge, there are a number of areas where we need action from central government to facilitate systems level change. In our view there are a number of priority areas for the ERP to address.

Targets

We begin with reference to the following quote from p63 of the Emissions Reduction Plan:

*"We are consulting on **four new transport targets**, which cover the key areas where change is required to put us on a pathway to zero carbon by 2050.*

Four transport targets

- 1. Reduce vehicle kilometres travelled (VKT) by cars and light vehicles by 20 per cent by 2035 through providing better travel options, particularly in our largest cities.*
- 2. Increase zero-emissions vehicles to 30 per cent of the light fleet by 2035.*
- 3. Reduce emissions from freight transport by 25 per cent by 2035.*
- 4. Reduce the emissions intensity of transport fuel by 15 per cent by 2035.*

Achieving these targets will generate a 41 per cent reduction in transport emissions by 2035 from 2019 levels, as suggested by the Commission. ..."

We note that since the ERP discussion document was prepared, the Climate Change Minister James Shaw announced on 31 October 2021 an updated and much stronger target that has now been presented at COP 26 in Glasgow, that is "an updated Nationally Determined Contribution to the Paris Agreement that will require New Zealand to cut net climate pollution by 50 per cent below gross 2005 levels by 2030".

Our view is that the target of "41 per cent reduction in transport emissions by 2035 from 2019 levels, as suggested by the Commission", as quoted above, is now out of date and the target in the ERP should be made much stronger to align to the updated NDC announced at COP 26.

Recommendation 1: Following the new target presented at COP 26 in Glasgow (“an updated Nationally Determined Contribution to the Paris Agreement that will require New Zealand to cut net climate pollution by 50 per cent below gross 2005 levels by 2030”) we recommend that the Government match these ambitions by updating the transport targets in the ERP “that will generate a 41 percent reduction in transport emissions by 2035 from 2019 levels, as suggested by the Commission”.

Greater Wellington, together with all councils in the region, Waka Kotahi and KiwiRail, have agreed to target a reduction in the region’s land transport emissions of 35% by 2030. Greater Wellington’s 2021-31 Regional Land Transport Plan also has a target of 40% mode share shift from cars to public transport, walking and cycling by 2030. This is a substantially stronger target than the equivalent target in the ERP of “Reduce vehicle kilometres travelled (VKT) by cars and light vehicles by 20 per cent by 2035”.

Recommendation 2: Upgrade the ERP transport target “1. Reduce vehicle kilometres travelled (VKT) by cars and light vehicles by 20 per cent by 2035 through providing better travel options, particularly in our largest cities” to a national target equivalent to the target in the Greater Wellington 2021-31 Regional Land Transport Plan, i.e. “40% mode share shift from cars to public transport, walking and cycling by 2030”.

Funding and planning system

Current processes to unlock transport funding are long, cumbersome and expensive. They are not designed for addressing a climate emergency. There is considerable opportunity for streamlining without compromising on investment assurance and value for money objectives, particularly for climate reduction and mode shift ‘no-brainers’. We urgently need to find ways to accelerate delivery of improvements like public transport improvements, bus priority and active mode facilities and free up resources for implementation.

Recommendation 3: Reform transport investment decision making and funding approval settings and processes to accelerate delivery of both “quick wins” and long-term transformational programmes.

Issues such as overlapping responsibilities between public transport authorities and road controlling authorities and lengthy traffic resolution processes create unnecessary obstacles to getting things done. There are a number of stages to unlocking funding including multiple business cases, submissions and at times multiple consultation phases which can add years to the delivery of key projects. We would like you to work with us to identify and remedy these constraints with a view to dramatically reduce the ‘red tape’ required to execute key projects.

Recommendation 4: Work with public transport authorities and road controlling authorities to identify and remove regulatory barriers to delivery.

We need greater certainty of funding to deliver on key public transport and urban development programmes. The National Land Transport Fund is already strained and is inadequate to maintain existing networks, let alone facilitate the transformation required over the next decade. Alternatives must be identified with urgency.

Recommendation 5: Establish adequate and sustainable funding sources to support the scale of Government’s emission reduction ambitions.

We welcome regional spatial strategies and look forward to working with you on developing a congestion charging proposal for Wellington. However, gaps remain in the suite of pricing tools (e.g. parking levy) and economic instruments needed to support planning and infrastructure investments underway to guide urban form and manage travel demand. It is also critical that central government prioritises partnering with councils to facilitate comprehensive urban development, working to address issues such as developer scale and capability, land amalgamation and infrastructure shortfalls. We would welcome ways to expedite these partnership and funding arrangements for high priority programmes such as Let's Get Wellington Moving, and the Eastern Porirua regeneration project.

Recommendation 6: Provide the tools and partnerships needed to re-shape our cities and change the way we travel, including funding tools for both cost-recovery and 'value uplift capture.'"

Assessing the carbon emission reduction benefits of regional programmes, transport projects, and urban intensification has been a major challenge in Wellington, nationally, and internationally. A nationally consistent approach would reduce churn and give assurance to government around progress towards reducing our transport emissions. While the factors applied might be at different levels, the framework for analysing major transport and urban transformation projects should align.

Recommendation 7: Develop nationally consistent and robust tools to measure and monitor emission reduction at the national, regional, local and project level.

Regarding the proposal to implement mode shift plans. The Wellington Region Mode Shift Plan, developed by Waka Kotahi, sits outside the legislative framework and applied a mode-shift lens to collate projects that were already identified through other planning processes. With regional mode shift targets, policies and activities included in our recently adopted RLTP 2021, updating the mode shift plan in its current form would only duplicate this. However, if the mode shift plan was re-shaped as an action plan, focused on co-ordinated implementation and facilitated fast-tracking of funding allocation and approval, there is potential for it to be a useful tool in accelerating delivery. We would welcome the opportunity to work with Waka Kotahi on a refreshed Wellington Region Mode Shift Plan.

Recommendation 8: Waka Kotahi partner with regional councils to develop regional action plans to deliver on mode shift.

Behaviour change

Lack of community support can be a significant barrier for us. We need national leadership to give people confidence in a just transition, show the benefits of change and inspire communities to embrace both systems change and individual actions. Better funding and tools for travel demand management and behaviour change programmes at the local and regional level are critical for enabling behaviour change within communities.

In the Emissions Reduction Plan, we would like to see primary emphasis given to achieving better travel demand management, including mode shift, over the rapid adoption of low-emissions vehicles and fuels in the immediate term, while we continue to progress the urban form changes to our cities and regions that will deliver reductions for the long term. This should include extending the availability of congestion charging, recently recommended by Select Committee for Auckland, to the whole country. Mode shift has benefits over a sole focus on emissions reduction and decarbonising the vehicle fleet. These include equity, safety and health benefits, creating more liveable places, and land and resource efficiency. Mode shift also delivers on other government priorities such as those set out in the Government Policy Statement on Housing and Urban Development and Road to Zero Strategy.

Recommendation 9: National-level focus on building the social licence for change, paired with better funding and support for travel demand management and behaviour change programmes at the local and regional level

Recommendation 10: Extend the availability of congestion charging, recently recommended by Select Committee for Auckland, to the whole country.

Passenger rail and freight

It is planned that a business case to support a connector regional rail service between Palmerston North and Hamilton will be completed in time for Government funding in Budget 2024 and Council funding in the 2024-34 Regional Land Transport Plans. This could be developed to a regional passenger rail service between Auckland and Wellington, two services in each direction per day, powered by tri-mode electric trains, and achieving mode shift from cars to electric trains, and substantial emission reductions.

Recommendation 11: Support the work by Mayors and Chairs of Councils on the North Island Main Truck (NIMT) route to develop a high level feasibility study for a 'connector' regional passenger rail service between Hamilton and Palmerston North, connecting the Te Huia service between Hamilton and Auckland, and the Capital Connection service between Palmerston North and Wellington.

The road freight industry offers significant potential for carbon reduction and greater resilience through mode shift away from road and decarbonisation. Acceleration of the Rail Plan and early adoption of coastal shipping to provide cost effective are essential to provide attractive alternatives to long-haul freight. Market and regulatory reform is required, however, to provide certainty for operators and to incentivise change. In local and regional markets, emphasis should be given to decarbonising the local delivery fleets and, where appropriate, changing delivery patterns and modes to ensure greater overall energy efficiency.

Recommendation 12: Urgent advancement of the National Freight Strategy to accelerate decarbonisation and mode shift away from road transport.

Renewable energy supplies

The move away from fossil fuels is underpinned by renewable energy supplies. Significant investment in generating and transmission capability will be required to support this shift. Evidence of the current market's ability to deliver this step change is equivocal.

Recommendation 13: More investigation to estimate the nation's renewable energy generation, transmission and distribution requirements through to 2050, and introduction of suitable measures to ensure that the market is incentivised to invest in long-term capacity.

Section 2: Public Transport

The public transport component of Greater Wellington's ERP submission focuses on investment and funding structures, operating costs and regulatory reform, and submits some recommendations to accelerate our ability as a Public Transport Authority to achieve climate and emissions reduction goals.

Public transport has been identified by the Climate Change Commission as a key enabler to achieve the Government's emission reduction targets. The Government Policy Statement on Land Transport (GPS) 2021-31 prioritises the development of "a low carbon transport system that supports emissions reductions while improving safety and inclusive access". Taking direction from the GPS, and supporting our Council's climate change and decarbonisation goals, Greater Wellington's Regional Public Transport Plan 2021 (RPTP) sets the strategic priority of achieving an "efficient, accessible and low carbon public transport network". The key public transport measures we have set for this goal are:

- 40% increase in mode shift to public transport by 2030
- Decarbonise the Metlink bus fleet by 2030
- 60% reduction in public transport emissions in the Wellington region by 2030

Through the RPTP, Greater Wellington has articulated eight activity themes that will enable us to achieve our regional and central government goals.

- Provide a high quality, high capacity, high frequency core network
- Improve access to public transport
- Drive environmental and cost sustainability by pursuing smart commercial opportunities and lower carbon technologies
- Decarbonise the Metlink bus fleet by 2030
- Explore ways to further decarbonise the Metlink rail and ferry fleet
- Greater choice and flexibility for journey planning, fares and fare payment options
- Improve the accessibility of public transport for all
- Prioritise safety through continuous improvements to both infrastructure and operations

These activity themes are bold and challenging, but they are urgently needed, and achievable if we have the full financial and policy support of central government. This can particularly be achieved through timely reform of the way the nationally-allocated components of public transport funding is apportioned and managed through future Budgets and through the current Waka Kotahi-managed National Land Transport Fund.

Accelerated Investment in Public Transport

Public transport is funded through fares, Greater Wellington rates, and investment from Waka Kotahi. Greater Wellington sets the level of expenditure and the rates contribution as part of the Long-Term Plan and Annual Plan processes, and reviews public transport fares every year. The share of funding provided by Waka Kotahi is set by the Financial Assistance Rate.

Maintaining and increasing levels of service, meeting priorities and addressing challenges require extensive spending on renewals and new capital. Our capital expenditure (capex) programme is driven mainly by the ambitious and urgent step change we are making to public transport through the activity theme programmes listed above. The majority of our current and future capex is investment in the critical infrastructure needed to achieve our climate change and emissions reduction goals including

a new EV bus fleet and charging infrastructure, climate friendly and patronage growth enabling rail rolling stock, and enablers of mode shift like full electronic ticketing and real time information systems.

Currently, the primary funds Greater Wellington provides for our public transport capital expenditures are borrowings (debt), proceeds from asset sales, and reserve funds held in reserve for future benefits. Due to the demographic limits on our local rating base, debt-ceilings, and the need to hold assets for long-term security of the public transport network, Greater Wellington is heavily dependent on central government financial support to achieve our common goals.

Currently, central government public transport funding is allocated through the National Land Transport Fund (NLTF) managed by Waka Kotahi, a Crown Entity created in 2008 through the merging of Transit New Zealand, the former state highway planner and operator, and Land Transport New Zealand, the former driver and vehicle licensing agency. Befitting its organisational heritage, Waka Kotahi is still largely perceived as a roading and private vehicle oriented organisation, with some additional focus areas like public transport 'bolted on'. Through this lens, the NLTF is a 'yesterday model'; a road building fund, paid for through taxes on fossil fuels and private vehicle ownership. This is not a sustainable model or one compatible with Government policy.

In addition, to secure NLTF funding, particularly for significant projects, applicants must go through a protracted and eye-wateringly expensive Business Case and various approval processes that sees many tens of millions of dollars in cash and many years pass before any tangible benefit is even close to being achieved. These protracted approval processes make Waka Kotahi a multi-stage gate-keeper to unlocking funding for projects which may have very clear benefits from outset. These processes impede the collective ability to quickly and effectively respond to the Climate Crisis, and is ultimately providing tax-payers with a low return on their investment in, and aspirations for, environmentally sustainable transport options. Exploring alternatives funding approval processes, including partnership models in which the Waka Kotahi acts as an internal facilitator / sponsor in major projects (rather than an external multi-stage gatekeeper) is strongly recommended.

The question of transport equity, and making public transport a more attractive travel mode through greater subsidisation of fares, are live national discussion points. The Minister of Transport and Greater Wellington's Councillors have received a wide range of submissions and petitions from community groups like the Poneke Collective arguing for cheaper public transport fares as a way of achieving more equitable social outcomes and enabling emissions reduction through mode shift. Greater Wellington supports increased central government subsidisation of public transport fares to reduce the current levels of fare box recovery and thus increase access to public transport for the transport disadvantaged, and make public transport a more financially attractive mode for private vehicle users.

A final investment and funding point to note relates to anomalies relating to fundable and excluded activities under the Land Transport Act's Public Transport Operating Model (PTOM). Currently under PTOM there is a blanket exemption on funding for inter-regional services and new and emerging modes like demand-responsive public transport. PTOM is currently under review by the Ministry of Transport and Greater Wellington has submitted in support of removal of these exemptions so that (i) 'cross-boundary' regional population and housing growth can be underpinned through sustainable public transport provision that encourages mode shift and (ii) new and emerging Mobility as a Service transport modes and technologies can be planned and deployed with certainty.

Recommendation 14: Establish a separate capital expenditure fund, through Budget 2022, through which public transport capital projects can be rolled out with certainty and priority (e.g. charging facilities and transport stabling).

Recommendation 15: Provide increased funding support under the ERP to support further investment through national procurement of electric buses, to accelerate decarbonisation of bus fleets in cities and towns by 2030; and to support investment under ERP in tri-mode electric trains within the Lower North Island Regional Integrated Mobility business case, recently submitted to enable funding commitment under Budget 2022, to achieve mode shift from cars and other light vehicles to increased train services between Wellington and Palmerston North, and Wellington and Wairarapa, and accelerated emissions reduction.

Recommendation 16: Provide increased funding support under the ERP and through the Financial Assistance Rate (FAR) to enable Public Transport Authorities (Regional Councils and Auckland Transport) to work with bus and train companies to establish fair pay agreements that will solve the current problem of shortage of drivers, and thereby enable public transport services to meet high standards of punctuality and reliability and accelerate mode shift.

Recommendation 17: Consider together the full range of calls for additional funding support under the ERP and through the Financial Assistance Rate (FAR), including the underlying financial framework, frontline wages, terms and conditions, procurement of new assets, as well as the options for free and discounted fares on PT (such as the proposal by the Aotearoa Collective on Public Transport Equity for free public transport for Community Service Card Holders, tertiary students, and under-25s), to achieve objectives of mode shift, higher public transport patronage, transport equity and reduced carbon emissions.

Recommendation 18: Urgently review and streamline the current Business Case and funding approvals processes to enable expedition of national and regional priorities.

Recommendation 19: Greater Wellington supports the Ministry of Transport's review of current transport legislation to remove restrictions on public transport funding and provision.

Operating Costs and Funding

Related to our points above are the impacts and constraints on our operational funding through the unexpected or unforeseen consequences of Government policy decisions. Two recent decisions and their impacts on our operational costs we would like to mention are the Employment Relations Amendment Act 2018 (ERAA) and its impact on operator wages and conditions, and the Government's response to the COVID-19 pandemic.

Greater Wellington supports the Government's moves to improve employee terms and conditions and its challenges to protect New Zealanders during the global pandemic. Through Waka Kotahi, Greater Wellington has been financially compensated for some costs associated with changing wages and conditions and for severe patronage/fares reductions due to COVID Alert Level restrictions. However despite this support, Greater Wellington is still approximately tens of million 'in the red' from changes to income and expenditure through these responses. This is money that we will have to find elsewhere, potentially through delays to our implementation of important emissions reduction

initiatives. In addition to current shortfalls, we are still evaluating the likely investment we will need to make to recruit and retain sufficient numbers of public transport staff, bus drivers in particular, to keep up our current service levels and provide for future capacity growth on the public transport network to meet our climate goals. Current estimates for recruitment and retention costs over the coming decade are an additional \$10 million per annum.

Recommendation 20: Ring-fence and guarantee operational funding for public transport within the NLTF for the foreseeable future. This will give all partners the ability to strategically plan and grow operational coverage of public transport services across New Zealand, and adequately compensate Public Transport Authorities for operational shortfalls from unforeseen or unexpected decisions.

Making public transport attractive for employers and workers

While not directly related to our previous point regarding public transport funding, we believe it is important to highlight in our submission some fiscal measures that may be in place that, while not impeding public transport uptake, do not actively encourage its uptake either. One measure we would like to highlight here is Fringe Benefit Tax (FBT) and its application to employer/employee incentive schemes.

Greater Wellington is aware of overseas initiatives where FBT does not cover employer support for staff use of public transport through the provision of discounted pass/fare products. This gives employers the ability to offer employees climate-friendly employment benefits without unnecessary financial administration, and offers employees an attractive incentive to uptake public transport without being penalised through increased taxation.

Central and local government need to consider all and any policy setting change that could contribute to our collective emissions reduction goals by encouraging mode shift and the decarbonisation of the transport network. Changes to tax settings including to FBT have the potential to remove barriers to employer and employee support for public transport usage.

Recommendation 21: Greater Wellington supports IRD to review Fringe Benefit Tax and other tax settings to remove barriers to employer support for public transport usage.

Section 3: Natural infrastructure

Greater Wellington considers that building our natural infrastructure, through nature-based solutions and indigenous biodiversity, is crucial to sequestering carbon and providing climate resilience and adaptation benefits, as well as delivering on the objectives of the Aotearoa New Zealand Biodiversity Strategy 2020. It is well evidenced that neither the climate crisis nor the biodiversity crisis will be successfully resolved unless both are tackled together. Failure to address biodiversity degradation will result in failure to achieve the carbon reduction pathways set under the Paris Agreement, as well as reduce the resilience of the natural environment to protect people from the impacts of climate change. Nature-based solutions can also offer low-risk, low-cost approaches to effective climate change mitigation and prevention of climate change damages.¹

The discussion document contains little reference to the opportunities provided by nature-based solutions, except for forestry. It is short-sighted that there is a sole focus on the value of plantation forest to sequester carbon, with no recognition of the higher long term value of permanent native forests for carbon sequestration, with co-benefits for biodiversity and ecosystem function, including erosion prevention and sediment control with subsequent benefits for downstream aquatic systems. Nor is there any recognition of the importance of blue carbon ecosystems as efficient carbon stores, with concurrent benefits for climate change resilience, for example providing coastal protection from storms, and for aquatic habitat enhancement. A plan to address climate change should include:

- Protecting and restoring natural wetlands, peatlands and forests in upper catchments and flood plains, as well as riparian planting to reduce the impacts of flooding downstream;
- Protecting and restoring mangroves, estuaries and salt marshes to protect communities and infrastructure from storm surges, reduce coastal erosion, and encourage seaweed and marine environments to flourish;
- Planting trees amongst crops or crops within forest to maintain and enhance yields in drier, more variable climates;² and
- Control of predators and browsing animals, including ungulates, to protect ecosystems and maintain high functioning carbon sequestration and resilience.³

Investment in nature-based solutions

Restoration of indigenous carbon sequestering ecosystems are among the cheapest and quickest nature-based climate mitigation measures to implement.⁴ One measure to explore is the use of

¹ Griscom et al, Natural climate solutions, *Proceedings of the National Academy of Sciences*, 114, 44, 2017, [doi 10.1073/pnas.1710465114](https://doi.org/10.1073/pnas.1710465114). Secretary-General's Climate Action Summit, Nature-based solutions, May 2019, <https://www.un.org/sustainabledevelopment/>. CBD High-Level Panel, Resourcing the Aichi biodiversity targets, Canada, 2014, <https://www.cbd.int/financial/hlp/doc/hlp-02-report-en.pdf>.

² Seddon et al, Global recognition of the importance of nature-based solutions to the impacts of climate change, *Global Sustainability*, 3, E15, 2020, [doi:10.1017/sus.2020.8](https://doi.org/10.1017/sus.2020.8)

³ Hackwell & Robinson, Protecting our natural ecosystems' carbon sinks, *Forest and Bird*, 2021, <https://www.forestandbird.org.nz/resources/climate-change-and-introduced-browsers>

⁴ Secretariat of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services, Tackling biodiversity & climate crises together and their combined social impacts, June 2021,

biodiversity, blue or green bonds⁵ to fund the acceleration and expansion of this programme across Aotearoa, and to support private landowners to be involved.

Recommendation 22: Significantly increase investment in wide-ranging nature-based solutions to prevent further loss and enable restoration of carbon- and species-rich ecosystems on land and in water, including wetlands, peatlands and estuaries, in addition to native forests.

While existing knowledge provides a robust basis for immediate action to prioritise nature-based solutions as a major part of addressing the challenge of climate change, current understanding of how our indigenous ecosystems and species will respond to climate change is very limited.⁶ This limits the ability to both protect and benefit from our natural environment in emissions reduction planning. Monitoring and evaluating outcomes, sharing information, and providing conditions for scaling up solutions is also necessary.

Recommendation 23: Increase investment in research, monitoring and evaluation of how our indigenous ecosystems and species will respond to climate change and how best to implement nature-based solutions in Aotearoa.

Afforestation

Greater Wellington supports land and water-based conservation actions which deliver co-benefits for carbon reduction, biodiversity and climate adaptation, as well as erosion prevention and sediment control in erodible areas, recognising that we are experiencing co-crises for climate, biodiversity and aquatic ecosystem health. All emissions reduction planning must consider climate adaptation implications to avoid maladaptive outcomes.

It is important to avoid large scale afforestation with monoculture or low-diversity commercial tree plantations (particularly in erosion-prone areas), as such monoculture practices, while helpful for mitigation, can be harmful to biodiversity, food production and local communities.

Recommendation 24: For these reasons, as submitted to the Climate Change Commission⁷, Greater Wellington does not support the exotic afforestation targets and strongly recommends reassigning the planted forest targets to native habitat restoration.

<https://www.un.org/sustainabledevelopment/blog/2021/06/tackling-biodiversity-climate-crises-together-and-their-combined-social-impacts/>

⁵ Hall & Lindsay, Scaling climate finance: Biodiversity instruments, Auckland, Mōhio Research, 2021, <https://data.bioheritage.nz/dataset/biodiversity-instruments/resource/b5114d3c-3968-4204-b25e-fa69051365fd>

⁶ National Climate Change Risk Assessment, 2020, p. 107

⁷ Climate Change Commission 2021 draft advice – Greater Wellington Regional Council Submission, <http://www.gw.govt.nz/assets/council-publications/Greater-Wellingtons-submission-to-Climate-Change-Commission-March-2021.pdf>

Biofuels

Biofuels derived from food crops or their by-products drive tropical deforestation. Additional demand anywhere in the world for biofuels, as a result of a government mandate, creates market pressure for land conversion. Investigation of the EU's 2009 biofuels mandate found that it induced the clearance of a total area of tropical rainforest larger than the Netherlands.⁸ When land use change effects are included, the GHG emissions of these fuels per litre are up to three times higher than using regular fossil fuels.⁹

Waste woody biomass from New Zealand's pine plantation forests could be used to make liquid biofuel without creating demand for more crop land. However, significant infrastructure investment is needed to gather the bulky material and build processing plants close to source, so this lack of infrastructure makes them more costly than unsustainable biofuels derived from edible oils or food crops. Any Government planning on promoting biofuels must consider the pressure they would put on sustainability and biodiversity. The Council is committed to electrification to eliminate its petrol and diesel emissions and has identified no use to itself for biofuels.

Recommendation 25: Greater Wellington recommends that the Government does not pursue a biofuels mandate, as the risk of unintended adverse effects making the climate crisis worse, not better, is too high, and suggests that more targeted measures than a mandate are needed to achieve the outcome of a sustainable, low emissions and local bioeconomy.

Emissions pricing

Greater Wellington agrees that the low cost and high return of pine plantations as carbon sinks mean that Aotearoa may develop an overreliance on them, creating significant land management problems and leaving the country with high gross emissions that still need to be addressed. Further market intervention or additional ETS rules could slow down or limit the amount of land conversion to pine. Greater Wellington suggests introducing an extra fee when surrendering pine plantation emissions units is an uncomplicated method that will create a revenue stream from emitters to the Government that can be used to fund gross emissions abatement activity. It will be important that any interventions support desirable outcomes, such as long rotation exotics, biodiversity and the development of the bioeconomy.

Recommendation 26: Greater Wellington supports introducing an extra fee when surrendering pine plantation emissions units as an uncomplicated method that will create a revenue stream from emitters to the Government that can be used to fund gross emissions abatement activity.

⁸ Hargreaves, 10 years Of EU's failed biofuels policy has wiped out forests the size of the Netherlands - Study, July 2021, <https://cleantechnica.com/2021/07/05/10-years-of-eus-failed-biofuels-policy-has-wiped-out-forests-the-size-of-the-netherlands-study/>

⁹ Valin et al, The land use change impact of biofuels consumed in the EU: Quantification of area and greenhouse gas impacts, European Commission, BIENL13120, August 2015, https://ec.europa.eu/energy/sites/ener/files/documents/Final%20Report_GLOBIOM_publication.pdf

Council supports building the evidence base for counting carbon sequestered by forests through pest management, particularly from pre-1990 forests. Inclusion in the NZ ETS could create financial incentives for enhanced pest control activities in the short term. But if pest control stopped and forest health declined, the landowner would need to return the emissions units originally given for the enhanced activity. The issue of having long term obligations to control pests without a long term income (once carbon sequestration reaches a maximum) to help pay for it needs to be addressed.

Recommendation 27: Greater Wellington supports building the evidence base for counting carbon sequestered by forests through pest management, particularly from pre-1990 forests.

Key Contacts

We welcome the opportunity for our elected officials and Greater Wellington officers to engage further with MfE on any aspect of our submission during the consultation period, and as MfE considers and finalises its response to the consultation process.

For further discussion regarding Greater Wellington's position on climate change and emissions reduction, please contact:

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Yours sincerely



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