

16 July 2018

Ministry for the Environment
PO Box 10362
Wellington 6143

Dear Sir/Madam

Submission on Zero Carbon Bill Discussion Document

Thank you for the opportunity to comment on the framework for a Zero Carbon Bill (ZCB) as outlined in the "Our Climate Your Say Discussion Document". Attached is the Council's submission which is in two parts: general comments on the potential impacts of the ZCB on the West Coast region, and responses to the questions in the Discussion Document's submission form.

Yours faithfully

A handwritten signature in blue ink, appearing to be 'H. Mills', written in a cursive style.

Hadley Mills
Planning, Science and Innovation Manager
West Coast Regional Council

West Coast Regional Council comments on the framework for a Zero Carbon Bill

General Comments

The West Coast Regional Council (WCRC or 'the Council') does not support the Zero Carbon Bill (ZCB) as it creates too much uncertainty for the West Coast region. There are too many unknowns that arise from this discussion document to gain the Councils support. Further, the discussion document has not presented the science behind the proposed bill. We suggest the science that underpins the ZCB should be clearly discussed and summarised in order for the layperson to understand and potentially accept it. Climate change is a very complex issue and to ask the people of the West Coast to commit to an emissions target (and accept the subsequent adverse effects discussed below), the evidence proving anthropogenic climate change must be presented and proven beyond reasonable doubt. We have little expertise and experience with emission targets, the Emissions Trading Scheme (ETS), and emission budgets, and therefore can only consider how implementing the ZCB might affect West Coast communities.

The first part of this submission identifies potential effects of the ZCB framework on the region's economy, which is largely underpinned by resource-based industries of mining, forestry, and farming. Implementing the Bill is likely to result in substantial costs to these industries, as well as changes to the growing industry of tourism. It will also have impacts on day to day life for West Coast communities living in a remote, rural region. The Discussion Document recognises that lower income households are more likely to be affected, and vulnerable regions will need to be supported. We wonder how the transition to a changed economy and lifestyle can be undertaken on the West Coast with minimal impact.

The second part of our submission responds to the questions in the Discussion Document's submission form.

Impacts of the ZCB on the West Coast

Reduced fossil fuel use: Reducing or eliminating the use of coal for domestic heating and industrial energy is clearly going to significantly affect West Coast households and industries. The former is discussed later under the section on air quality. Coal is used to fuel Coal-fired boilers in manufacturing plants and in public service organisations, for example, milk processing plants and hospitals, while diesel and petroleum are used to operate machinery in primary industry. If the Bill requires primary industries to reduce their emissions, the costs of changing to alternative fuels may make it difficult for industries in the region to continue; they may close down causing substantial job losses. This could have flow on effects to other parts of the economy. Service industries such as machinery and equipment repair and maintenance may close down because they will not have enough work to continue operating. In larger cities and highly developed regions, this transition to technological industries is likely to be smoother and better absorbed, but for the West Coast the effect will be felt sharply.

Should the ZCB be adopted, support would need to be provided at the regional level to avoid the situation where reducing carbon emissions leads to ongoing job losses. Fewer people equals less health facilities (and schools), which means more people will need to travel to Christchurch to receive medical care, as is already happening. In the current socio-political climate of job losses in coal mining and restrictions on use of conservation land, there may be considerable local resistance to the ZCB if it potentially causes job losses in a number of sectors. When drafting the Bill, consideration needs to be given to managing the uncertainty around job losses. Further work is needed on how the impacts of job losses can be minimised to ensure the health, economic and social wellbeing of the community is maintained.

Evolution of coal products through technology:

Coal extraction makes up a large part of the West Coast economy employing over 900 people (including sub trades). Should the ZCB be adopted and fossil fuel be phased out the government would need to support the evolution of the coal industry from combustion use to other non-combustion uses. The New Zealand Institute for Minerals to Materials Research (NZIMMR) has been

recently set up with this being one of its focuses. The small scale nature of the investment into NZIMMR means its research focus is limited (initially exploring coal foam, tungsten from gold tailings and rare earth elements). However, if scaled funding is made available for research into this area, there is potential we could transition the industry over the 32 year period.

Reduce agricultural emissions: Dairy farming is one of the key primary industries on the West Coast that contributes to the region's economy. Any legislative requirement to reduce agricultural emissions may cause further job losses on dairy farms, if the technology for reducing farm emissions does not keep pace with emissions targets and budgets, or is financially too expensive. If the expectation in the ZCB is that private landowners will change their land use from dairying to forestry, for example, we wonder what will happen if there is a glut, and insufficient demand for all the timber that comes on-stream in another 25-30 years.

Use electric vehicles: Should the ZCB be adopted, there will be challenges on the West Coast that may delay the move to fully electric transport. Presently, electric cars can only travel approximately 100kms before they need to be charged. Charging can take up to 20 minutes (with fast chargers), which is lost time for business vehicles. Most tourists coming to the West Coast will not want to wait while their electric rental car (or bus) recharges, and may be deterred from using electric vehicles, or staying longer in the region if recharging adds delays to their trip. It could be some time before electric vehicles are developed with sufficient capacity to drive over alpine passes. Additionally, many locals use roads that are not on the main highway network, and will be unable to use full electric cars if there are insufficient recharging stations on local roads. We expect that District Councils will not have the resources to install and maintain substantial numbers of charging stations on local roads. Given that the average income on the West Coast is below the national average, many residents will have to wait until second hand electric cars come on the market at an affordable price. The Council supports the government investing in new technology to encourage use of electric vehicles, such as battery banks.

Plant more trees: The West Coast has a limited ability to contribute to reducing carbon levels by planting more exotic forest, as there is only 16% of land that is not protected under the conservation estate, and not all of this is productive land. Historically, the region has had a major economic disadvantage when it comes to availability of arable land and has also suffered from a general lack of development due to high rainfall, rugged terrain and boom and bust economic cycles (notorious with industries such as gold mining and native forestry). Due to the above-mentioned and other complex variables, the region finds itself with 84% of its land area held within Department of Conservation estate (1,964,141.14 ha). It seems fair and just that the West Coast region and its people be rewarded for having saved this great asset over the decades for New Zealand's benefit. It is worth mentioning that the Council does not receive rates from the DOC estate. Tourism benefits to a minor extent. Having said that, it is highly valued as a major environmental and sociocultural asset.

We understand that the West Coast is disadvantaged in that the forested parts of the conservation estate are not included in the Emissions Trading Scheme (ETS). Forests of indigenous species which existed before 1990 are excluded from the ETS. By not accounting for indigenous forest on conservation land in the ETS, it is effectively saying that the forest does not exist. The fact is, it does, and indigenous forest does remove CO₂ from our atmosphere, albeit, at a slower rate than pine forestry. The significance for existing indigenous forest with regards to CO₂ removal can be realised with scale, and the West Coast has that scale.

In our view, should the ZCB be adopted, implementation must consider how the West Coast region can credit the bush and forest within the conservation estate to offset emissions, or if the West Coast is CO₂ positive (once our forests are incorporated into the ETS, for example), how these credits can be monetised for the benefit of the region. It is fair and just for the West Coast to benefit from being a great carbon sink for New Zealand.

A further limit to the planting of more forests on the West Coast are the restrictions on using conservation land, including stewardship land. This is land that was previously Crown forestry land, but was transferred to the conservation estate, despite many areas having little conservation value.

Use of a portion of DoC stewardship land for forestry would be an excellent initiative, enabling the West Coast to contribute to the offsetting carbon. Council's Innovation Manager recently undertook a GIS query and found that 64,514ha of DoC stewardship land was appropriate for forestry. The query was:

- Areas of land in the specified land cover classes (Low Producing Grassland, Fernland, Gorse and/or Broom, Manuka and/or Kanuka),
- land less than 35 degrees slope,
- larger than 10 hectares, and
- on DoC stewardship land.

Increase renewable electricity generation: Should the ZCB be adopted the Council would support in principle any provisions that enable renewable electricity generation. There are plenty of water resources on the West Coast for micro, small and medium-scale hydro generation. Being able to generate hydroelectricity to supply West Coast communities, and outside the region, would have social and economic benefits for local communities. However, many of our water resources are located on conservation land, and under the current Conservation Minister's approach, use of these resources for renewable hydro electricity generation may be further restricted or prohibited. There seems to be potential inconsistencies between the ZCB's promotion of hydro electricity generation and the Conservation Minister's direction for restricting activities in the conservation estate. West Coast communities could bear the cost of increased line charges from having to continue importing electricity to the region, rather than benefitting from reduced prices from increased generation within the region.

If the ZCB requires a move away from using fossil fuel such as coal, then the ZCB framework also needs to provide for local renewable electricity generation, and improved transmission and distribution to overcome the negative impacts on West Coast communities.

Cleaner air: The Discussion Document (Page 10) identifies a number of health and environmental benefits, including cleaner air. Improving air quality is already being addressed through the current National Environmental Standard for Air Quality (NESAQ) under the Resource Management Act (RMA), which has requirements to improve air quality in designated airsheds. The NESAQ is being reviewed and may bring further changes to reduce emissions from domestic burners, which could potentially have increased costs to households. We would be concerned if the ZCB duplicated any future restrictions under the NESAQ on domestic burning of coal. Care should be taken to avoid unnecessary regulatory duplication, and ensure that the ZCB and other national policy instruments are integrated.

Better home insulation: We would be concerned about the costs to beneficiaries and low-income households of any blanket requirement to install cleaner heating devices under the ZCB framework.

Increased use of public transport: West Coast communities will not experience these benefits, or contribute to reduced emissions by using public transport, as there is no public transport system in the region due to the lower population, and the long distances between urban areas.

Conclusion

While the framework of the ZCB appears to be well-intentioned the science behind the bill and Anthropogenic climate change needs to be presented and proven beyond reasonable doubt. If the ZCB is adopted the key will be how it is implemented. The ZCB will put obligations on individuals, businesses and organisations to change their behaviour and reduce emissions nationally, however, the impacts will be felt at the regional level, particularly on the West Coast. The proposed areas where emissions can be reduced will potentially have significant negative economic and social repercussions for this region.

If the ZCB is adopted it must focus more on regional effects. Much more work would be needed to ensure that negative outcomes of implementing the ZCB on West Coast people and communities are avoided or minimised.

2. Responses to Discussion Document questions

Summarised submission form	WCRC response
2050 target	
<p>1. What process should the Government use to set a new emissions reduction target in legislation? Pick one:</p> <ul style="list-style-type: none"> <input type="checkbox"/> the Government sets a 2050 target in legislation now <input type="checkbox"/> the Government sets a goal to reach net zero emissions by the second half of the century, and the Climate Change Commission advises on the specific target for the Government to set later. 	<p>The first option provides more certainty for businesses and the public. Whatever option is chosen, it should be based on sound modelling, have flexibility to adjust to changes, and take into account the potential impact on regions.</p>
<p>2. If the Government sets a 2050 target now, which is the best target for New Zealand? Pick one:</p> <ul style="list-style-type: none"> <input type="checkbox"/> net zero carbon dioxide: Reducing net carbon dioxide emissions to zero by 2050 <input type="checkbox"/> net zero long-lived gases and stabilised short-lived gases: Long-lived gases to net zero by 2050, while also stabilising short-lived gases <input type="checkbox"/> net zero emissions: Net zero emissions across all greenhouse gases by 2050. 	<p>We do not have the expertise to answer this question, but support LGNZ's comments: "<i>LGNZ recognises the significant impacts of the transition on rural communities and the concerns that those communities have. We do not yet have a clear understanding of what large-scale land use will entail and when it will happen and there is still significant further work to do around developing relevant science and technology to support rural communities to do more to reduce and account for agricultural emissions.</i>"</p> <p>There is too much uncertainty to pick one of these options.</p>
<p>3. How should New Zealand meet its targets? Pick one:</p> <ul style="list-style-type: none"> <input type="checkbox"/> domestic (within NZ) emissions reductions only (including from new forest planting) <input type="checkbox"/> domestic emissions reductions (including from new forest planting) and using some emissions reductions from overseas (international carbon units) that have strong environmental safeguards. 	<p>Based on the information available in the Discussion Document, and the LGNZ submission, we consider that the second option may be preferable for West Coast communities. It appears to provide flexibility which will be important for this region, given the indications that the West Coast rural sector may be potentially hard hit. Also refer to our comments on forest planting above.</p>
<p>4. Should the Zero Carbon Bill allow the 2050 target to</p>	<p>Yes. History has shown how much the economy and the environment can change over time,</p>

<p>be revised if circumstances change? Pick one:</p> <p><input type="checkbox"/> yes</p> <p><input type="checkbox"/> no.</p>	<p>and the West Coast is already undergoing significant change. The Government should be able to allow the 2050 target to be revised to reflect changes, particularly at the regional level. Reducing emissions may have substantial negative effects on the health and wellbeing of communities, requiring the targets to be revised. Also, technology may not become available in time to reduce emissions at the same rate that the target or budgets are set.</p>
<p>Emissions budgets</p>	
<p>5. The Government proposes that three emissions budgets of five years each (ie, covering the next 15 years) be in place at any given time. Do you agree with this proposal? Pick one:</p> <p><input type="checkbox"/> yes</p> <p><input type="checkbox"/> no.</p>	<p>The suggestion sounds reasonable, this will provide flexibility for the Government to set targets that reflect the state of the economy at that time, so the social, economic, and cultural well beings of local communities are maintained.</p>
<p>6. Should the Government be able to alter the last emissions budget (ie, furthest into the future)? Pick one:</p> <p><input type="checkbox"/> yes, each incoming Government should have the option to review the third budget in the sequence</p> <p><input type="checkbox"/> yes, the third emissions budget should be able to be changed, but only when the subsequent budget is set</p> <p><input type="checkbox"/> no, emissions budgets should not be able to be changed.</p>	<p>We support in principle the option for allowing the Government to change the third emissions budget provided that the subsequent budget is set. This option will allow the Government to make suitable changes as more information becomes available.</p>
<p>7. Should the Government have the ability to review and adjust the second emissions budget within a specific range under exceptional circumstances? Pick one:</p> <p><input type="checkbox"/> yes</p> <p><input type="checkbox"/> no.</p>	<p>While this should provide flexibility to reflect any sudden changes in the economy or the environment, including natural disasters, it depends on what exceptional circumstances are included. The Discussion Document does not provide many examples for what would be considered exceptional circumstances. If the Bill proceeds, it should include a list of exceptional circumstances.</p>
<p>8. Do you agree with the considerations we propose that the Government and the Climate Change Commission take into account when advising on and setting budgets? Pick one:</p> <p><input type="checkbox"/> yes</p> <p><input type="checkbox"/> no.</p>	<p>Yes. The regional economic and social effects of reducing emissions must be considered. If people are substantially economically hindered by trying to meet the targets, then their health and social well-being will potentially be affected.</p>

Government response	
<p>9. Should the Zero Carbon Bill require Governments to set out plans within a certain timeframe to achieve the emissions budgets? Pick one:</p> <p><input type="checkbox"/> yes <input type="checkbox"/> no.</p>	<p>Yes. This will ensure the Government sets out plans within a timeframe to avoid creating too much uncertainty. Careful and considered planning by the Government will be important, particularly so as to avoid unintended impacts of any plans on communities and businesses.</p>
<p>10. What are the most important issues for the Government to consider in setting plans to meet budgets? For example, who do we need to work with, what else needs to be considered?</p>	<p>We agree with the four bullet points listed at the top of Page 39 of the Discussion Document, especially the fourth point: "<i>how we address challenges faced by vulnerable communities and sectors, to ensure a just transition.</i>" Investing in new technology and research to assist highly affected regions will be important. Plans for achieving emissions budgets need flexibility to provide for the differences between regional impacts. Adequate consultation must be undertaken amongst all regions, especially with communities most affected, when preparing the plans.</p>
Climate Change Commission	
<p>11. The Government has proposed that the Climate Change Commission advises on and monitors New Zealand's progress towards its goals. Do you agree with these functions? Pick one:</p> <p><input type="checkbox"/> yes <input type="checkbox"/> no.</p>	<p>Yes. The Commission should also provide advice to the public (as well as the Government) so that communities are kept informed, and understand, about how emissions budgets and the Emissions Trading Scheme (ETS) work, to help achieve local uptake. Monitoring is important to identify if progress is being made towards achieving the targets without causing significant negative social, cultural, and economic effects to communities.</p>
<p>12. What role do you think the Climate Change Commission should have in relation to the New Zealand Emissions Trading Scheme (NZ ETS)? Pick one:</p> <p><input type="checkbox"/> advising the Government on policy settings in the NZ ETS <input type="checkbox"/> makes decisions itself, in respect of the number of units available in the NZ ETS.</p>	<p>We agree with the LGNZ view, that the Climate Change Commission should have an advisory role to the Government for setting policy on the ETS. If the Commission's key role is to advise the Government on climate change policy, then it should also advise on the ETS, as this would keep the Commission's roles consistent.</p> <p>This would enable the Commission to advise the Government on matters such as changing the ETS so that it recognises the carbon credits held in forest and bush on West Coast conservation land.</p>

<p>13. The Government has proposed that Climate Change Commissioners need to have a range of essential and desirable expertise. Do you agree with the proposed expertise? Pick one: <input type="checkbox"/> yes <input type="checkbox"/> no.</p>	<p>We agree with all the essential and desirable expertise listed on Page 45 of the Discussion Document. The inclusion of local government expertise to address adaptation is highly supported; this will enable the Commission to consider the effects of implementing the ZCB framework on local communities.</p>
Adapting to the impacts of climate change	
<p>14. Do you think the Zero Carbon Bill should cover adapting to climate change? Pick one: <input type="checkbox"/> yes <input type="checkbox"/> no</p>	<p>Yes. Policy needs to be set around how we adapt to climate change because even if we reduce our emissions, this may not stop climate change from occurring for at least several decades, if at all, so we need to find ways to manage the ongoing effects of climate change. That said, care is needed to ensure that climate change adaptation in the ZCB is not inconsistent with, or duplicates aspects of, other legislation, such as local government's role in managing significant natural hazard risk under the Resource Management Act (RMA).</p>
<p>15. The Government has proposed a number of new functions to help us adapt to climate change. Do you agree with the proposed functions? Pick one: <input type="checkbox"/> yes <input type="checkbox"/> no.</p>	<p>We generally support the functions proposed, however we also agree with LGNZ's comments that the LGNZ's proposed Local Government Risk Agency (LGRA) may be better placed to undertake a national risk assessment, and should also be involved in the preparation of a national adaptation plan. Local government is best placed to understand the implications for councils and their communities.</p>
<p>16. Should we explore setting up a targeted adaptation reporting power that could see some organisations share information on their exposure to climate change risks? Pick one: <input type="checkbox"/> yes <input type="checkbox"/> no.</p>	<p>Our view on this will depend on whether the WCRC is required to report, and if so, the scope and scale of reporting required. We own/administer public infrastructure (hazard protection structures), and provide a public service. The Council is small with a limited rating base, and we do not have the capacity to undertake significant reporting, additional to what is already required of us under the Environmental Reporting Act 2015, RMA, and Local Government Act.</p>