AECOM New Zealand Ltd Zero Carbon Bill Submission

Submission Information

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Region: Nationwide
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About the submitter

AECOM is built to deliver a better world. We design, build, finance and operate infrastructure assets for governments, businesses and organisations in more than 150 countries. As a fully integrated firm, we connect knowledge and experience across our global network of experts to help clients solve their most complex challenges. From high-performance buildings and infrastructure, to resilient communities and environments, to stable and secure nations, our work is transformative, differentiated and vital. A Fortune 500 firm, AECOM had revenue of approximately $18.2 billion during fiscal year 2017. See how we deliver what others can only imagine at aecom.com and @AECOM. In New Zealand AECOM employs around 700 staff across five offices offering technical, design, build and operational services to our clients. We undertake over $100 million of work in New Zealand, with more than 80% of this work for Central and Local government agencies.

Sustainability

Our driving purpose is to create, enhance and sustain the world's built natural and social environments. This means that sustainability is fundamental to the work we do and why we do it.

AECOM Australia and New Zealand has adopted a Sustainability Policy that has at its heart the following important goals:

1. Embedding sustainability into all aspects of our work with clients
2. Building our capability to provide sustainable solutions for our clients and communities in creative and innovative ways
3. Conducting our business in a way that is consistent with sustainability principles.

We believe applying sustainability thinking to projects will give our clients better outcomes. When planning our projects we explore ways to increase sustainability outcomes (and to minimise environmental impacts).

AECOM professionals draw upon a variety of established tools and techniques that make it easier to collaborate with clients in identifying and adopting sustainable solutions, including: master planning tools, life cycle analysis models, building energy models, carbon accounting systems and climate change risk assessment and adaptation cost-benefit techniques. For large infrastructure projects, we embed sustainability practitioners within project teams to focus attention on delivering results on sustainability performance indicators.
We understand the need to ‘walk the talk’. We have adopted green office programmes in all our offices, which are linked to our ISO14001 certified environmental management system. We have established carbon reduction targets which aim to reduce our environmental impacts from greenhouse gas emissions. Information about our sustainability performance is published in AECOM’s global annual sustainability report that aligns to the Global Reporting Initiative framework.

AECOM’s role in the New Zealand low carbon transition

AECOM New Zealand is a leading firm in the designing and building of public infrastructure. This places us within a unique setting to understand the risks and opportunities that face infrastructure in New Zealand in relation to the climate impacts that are expected over the coming decades.

AECOM New Zealand works across a number of sectors and industries to support climate mitigation and adaptation efforts. Primarily our work is with large corporate entities and Local Government agencies to assess, plan and report on mitigation and adaptation efforts and options.

Foreword

AECOM New Zealand is supportive of steps to reduce the impact of climate change, and we support the measures identified in the draft Zero Carbon Bill. We also support the high level commentary within the Sustainable Business Council submission.

With international consensus on the causes of human caused Climate Change, there is a substantial body of evidence summarised by the International Panel on Climate Change (IPCC) that supports international and domestic actions to reduce greenhouse gas (GHG) emissions. As of July 2018, 195 nations have become party to the Paris Climate Agreement including New Zealand. These nations have committed under the Paris Agreement, to keep global average warming to 2 degrees Celsius and to pursue efforts to limit an average temperature increase to 1.5 degrees Celsius. These targets were agreed upon, in order to substantially reduce the risks and effects of climate change as identified by the IPCC. AECOM New Zealand feel compelled to contribute to a collaborative solution in New Zealand.

Key Considerations

We wish to outline the following four considerations with respect to the consultation on the Zero Carbon Bill. These considerations are generally aligned with those of the Sustainable Business Council.

- **Aligning the effort**: Taking an evidence based approach to developing carbon budgets and targets is critical to setting the agenda for a zero carbon outcome for New Zealand. An evidence based approach will assist in achievement of domestic and international commitments and create a shared pathway to this goal, in a way which equitably shares the costs of mitigating and adapting to climate change.

- **Consultation times**: There is considerable effort required in developing the capability for those that work on climate change action so that more of New Zealand can respond in a robust and considered way. Short periods for consultation are not conducive to such a response. We would like to see more amenable time periods in future consultations, e.g. a minimum of 8 weeks.

- **Information provision**: It is difficult to determine a concise and considered position without all the information provided. We understand that the development of long-term future focused policy and other supporting measures that underlie a low carbon transition are ongoing and multi-faceted. However seeking views on technical questions without a full account of the information makes it challenging for large organisations to understand the multi-sectoral implications of such a policy. We would like to see more of the underlying calculations, assumptions and input data to better inform technical consultation matters.
Predictability & Consistency: It is imperative for business and organisations in New Zealand to have long term predictability through the development of the Zero Carbon Bill and Climate Change Commission. Consistency across Government terms is paramount to an effective implementation of the Zero Carbon Bill and, AECOM sees considerable value in a cross-partisan approach.

2050 Target

1. What process should the Government use to set a new emissions reduction target in legislation?

The Government sets a 2050 target in legislation now.

2. If the Government sets a 2050 target now, which is the best target for New Zealand?

Net Zero Emissions: Net zero emissions across all greenhouse gases by 2050

Comment

We believe in taking an evidence based approach to reducing Greenhouse Gas Emissions in New Zealand. The Paris climate agreement outlines that carbon dioxide emissions equivalent need to be reduced to maintain warming to 1.5 degrees globally. This requires effective climate policy to address both the long and short-lived gases in an appropriate way.

It is essential in our view for the net zero carbon dioxide targets to be established in-line with the 1.5 degrees temperature limit and for short-lived emissions to be included in reduction targets, with reduction targets established via a science based methodology to ensure a consistent and equitable reduction of both long and short lived emissions.

3. How should NZ meet its targets?

Domestic Emissions reductions (including from new forest planting) and using some emissions reductions from overseas (international carbon units) that have strong environmental safeguards.

Comment

We believe it is essential that the use of domestic mitigation efforts is the primary approach to meeting the 2050 target. International credit use is discussed further on in this submission.

4. Should the Zero Carbon Bill allow the 2050 target to be revised if circumstances change?

No.

Comment

AECOM supports efforts for a consistent and predictable approach to policy and regulation of climate related activities. The target should only be able to be revised down.

General comments regarding the 2050 Target

In addition to the above, we recommend consideration of the following principles when developing carbon budget and targets for New Zealand:

- Two baskets approach to setting long-lived and short-lived greenhouse gas targets: A two basket approach (similar to the Montreal Protocol two basket approach) creates clarity as to the long-term treatment, target setting and relevant rates of emission reduction for both long-lived and short lived gases. The two baskets approach allows for relevant and robust targets to be set using evidence based approach that can differentiate between the cumulative effects of long lived gases such as Carbon Dioxide (CO₂e) and Nitrous Oxide (N₂O) and short-lived gases such as Methane (CH₄). When creating emissions reduction
targets for both long and short lived gases it is important that an effective and appropriate methodology is used.

- **Support for local government development targets:** Considerable resource has been invested in this area and working with local government to further develop these targets would be beneficial. The Global Covenant of Mayors for Climate & Energy, which a number of NZ councils are signed up to, has released a new charter/commitment that requires signatories to the Covenant to develop targets that are ‘more ambitious’ than current Nationally Determined Contributions. Given that most councils are still in the process of developing targets, this would be an opportunity for the New Zealand government to support local government and align the Zero Carbon Bill targets with the level of ambition shown by local governments in New Zealand thus far.

- **Equity Principles:** Globally reaching 1.5 degrees is going to be challenging, however setting a clear set of principles that clearly and transparently shares the burden fairly across sectors, industry and consumers will support the Ministry in delivering a ‘Just Transition’ through the Zero Carbon Bill.

**Emissions budgets**

5. **The Government proposes that three emissions budgets of five years each (i.e. covering the next 15 years) be in place at any given time. Do you agree with this proposal?**

Yes.

**Comment**

In our opinion five yearly budgets, with the first three set in 2020 will create a level of certainty and consistency in New Zealand’s approach to reducing GHG emissions that has not yet been experienced by business. Annual progress reports on these budgets should be published by the Government.

6. **Should the Government be able to alter the last emissions budget (i.e. furthest into the future)?**

Yes, the third emissions budget should be able to be changed, but only when the subsequent budget is set.

7. **Should the Government have the ability to review and adjust the second emissions budget within a specific range under exceptional circumstances?**

No, the Government should not be able to change the second emissions budget. This will create uncertainty and unpredictability.

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?**

Yes, AECOM agrees with the proposed considerations.

**Comment**

In addition, when advising on setting budgets the Climate Change Commission should take into consideration the benefits to be derived from reducing GHG emissions, and a science based methodology to setting budgets that reflect the scale of change required globally.

Note: the co-benefits were not included in the Economic Modelling provided by the Ministry for this consultation, as discussed at the Technical Workshop. These should be considered by the Climate Change Commission and reported in their advice to Government.
General Comments on Emissions budgets

We support the Ministry’s recommendation for a five year carbon budget cycle. Where organisations have an understanding of the future landscape of climate policy settings, they can be better positioned to prepare, act and adapt to the necessary changes to their internal business. For AECOM this is important as our clients are often requesting services that have long term considerations such as technical services and infrastructure works.

- **Sequestration**: With the sole focus of sequestration activities being afforestation, there is a risk that early emissions budgets will be difficult to achieve and NZ develops an overly large reliance on one approach to sequestering emissions. We recommend the investigation of additional sequestration approaches and the development of additional robust methodologies that are environmentally sustainable, effective and verifiable. These additional methodologies would support additional domestic sequestration activities that may be able to fill the 10-18 year time lag between planting trees and optimal growth stage for sequestration.

- **International credits**: There is a risk that allowing too many international credits could undermine the achievement of emissions budgets and the 2050 target and jeopardise a consistent carbon price. The Government should set a level of international credits that can be used that is consistent with domestic efforts of reducing GHG emissions. These credits should be environmentally sustainable and verifiable to avoid the re-occurrence of ‘hot air’ credits in our Emissions Trading Scheme. The Government needs to send a clear and consistent signal regarding the provision of international credits and the situations in which they can be used and by whom.

Government Response

9. Should the Zero Carbon bill require Government to set out plans within a certain time frame to achieve the emissions budget?

Yes, AECOM supports the development of transition pathways that are in-line with Carbon budgets.

Comment

A regular annual time frame to produce these reports is important given the scale of change required to meet climate targets and budgets. There should be no delay in the development the first set of, budgets, the 2050 target. It is important to maintain certainty and momentum, to support the current efforts of industry and business.

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?

Please consider the contents of this submission as important issues and considerations towards the setting of plans to meet emissions budgets.

Climate Change Commission

11. The Government has proposed that the Climate Change Commission advises and monitors New Zealand’s progress towards its goals. Do you agree with these functions?

Yes. AECOM supports the development of a Climate Change Commission.

Comment

Its functions should be similar to that of the UK Climate Commission Advisory, with built-in mechanisms to hold Government to account.

An effective Climate Change Commission is a key requirement to delivering a consistent and effective set of Carbon budgets. There should be clearly defined mechanisms in place for the
Climate Change Commission to ensure that the Government publically discloses why it has deviated or failed to give effect to Climate Change Commission advice.

12. **What role should the Climate Change Commission have in relation to the New Zealand Emissions trading scheme (ETS)?**

The Climate Change Commission’s role should be advising the Government on policy settings in the NZ ETS.

**Comment**

The Climate Change Commission should be able provide advice on the Emissions Trading Scheme. This would include advising on the appropriate proportion of international credits that can be used to achieve any given budget. This will help maintain an effective carbon price in New Zealand and better support business and industry in their mitigation planning.

As suggested by the Ministry, international credits should not be the bulk of our contribution to the 2050 climate target.

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?**

Yes, AECOM supports appointments based on the expertise and skills of an individual.

**Comment**

Over the next 30 years, there is a real need for consistency and transparency in the low carbon transition. Those that will be heavily involved in setting the scene, providing expertise to transition matters and holding the government to account need to be appointed through a robust and transparent process. A publically gazetted nomination process would give effect to the values of transparency the Ministry discussed at the Technical Engagement Workshop.

**Adapting to the impacts of climate change**

14. **Do you think the Zero Carbon Bill should cover adapting to climate change?**

Yes, AECOM supports the integration of mitigation and adaptation in the Zero Carbon Bill.

15. **The Government has proposed a number of new functions to help us adapt to climate change. Do you agree with the proposed new functions to adapt to climate change?**

Yes. AECOM supports the development of a National Climate Change Risk assessment and adaptation plan.

**Comment**

New Zealand is already experiencing the impacts of climate change. A robust and relevant Zero Carbon Bill needs to be integrated with the current and expected impacts of climate change. An integrated mitigation and adaptation approach that understands the risks posed by climate change will clarify the resources, systems, standards and support required to adapt to climate impacts. An integrated approach within this context sets out a viable pathway to meet the 2050 target and interim emissions budgets.

16. **Should the Ministry explore setting up a targeted adaptation reporting power that could see some organisations share information on their exposure to climate change risks?**

No. AECOM is supportive of a New Zealand risk assessment for climate change that is standardised and robust. However we do not support additional reporting burdens on business adaptation. AECOM’s preference is alignment to existing reporting frameworks (e.g. Annual reporting) that businesses are already applying.
Comment

The Zero Carbon Bill should consider additional options and provisions to support those public agencies that will be managing the adaptation response in New Zealand, such as Local Governments and Territorial Authorities.

As a large provider of public and private infrastructure, we have a unique understanding of the existing and future risks that climate change will pose on New Zealand’s built environment.

Risk assessments for climate impacts are already being undertaken on larger public and public–privately funded infrastructure. However, there is a need to align and/or integrate these with other risk assessment procedures such as seismic risk assessments, financial and shareholder risk assessment reporting procedures.

Further support for skills development and education as to the application of these standards and frameworks would be beneficial.

Closing

Thank you for the opportunity to make a submission on this important bill. AECOM New Zealand Limited (AECOM) is making this submission in recognition of the importance of creating a robust and achievable pathway to achieve a 1.5 degree Celsius target where possible and to limit average warming temperatures to 2 degrees globally with the Zero Carbon Bill. AECOM is a global leader in delivering infrastructure and technical solutions. This submission is provided to assist the Government to identify opportunities and develop a robust approach to a low carbon transition in New Zealand over the next 30 years.

We would welcome the opportunity to discuss our submission on the draft Government Zero Carbon Bill with you, the Ministry for the Environment and your officials at a convenient time.
About AECOM

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