Enviro-Mark Solutions Limited is pleased to provide our submission as part of the Government’s consultation on the proposed Zero Carbon Bill.

Enviro-Mark Solutions is a wholly-owned subsidiary of Manaaki Whenua – Landcare Research, a Government-owned Crown Research Institute. Our mission is to “inspire action for a better environment and a sustainable low carbon economy”. We own and operate the environmental certification programmes CEMARS (Certified Emissions Measurement And Reduction Scheme), carboNZero, Enviro-Mark and Energy-Mark. Our world-class carbon programmes are accredited by the Joint Accreditation System of Australia and New Zealand (JAS-ANZ) and by the CDP (formerly the Carbon Disclosure Project). Our CEMARS programme is licensed under the UK Climate Change Act 2008 for greenhouse gas emissions reporting and energy management compliance reporting. We are members of the Sustainable Business Network and Sustainable Business Council in New Zealand. We are a founding signatory of the Climate Leaders Coalition which was launched earlier in July 2018. We are also members of the international organisations We Mean Business and Science Based Targets and we are a partner of the UNFCCC (United Nations Framework Convention on Climate Change) – Climate Neutral Now programme.

Enviro-Mark Solutions provides the framework and tools for businesses to report their carbon footprint consistently year on year, in compliance with the relevant ISO standards, to set suitable emissions reduction targets and have their greenhouse gas emissions reductions verified. We have extensive experience in monitoring, reporting and verification (MRV) of greenhouse gas emissions. Since 2006, we have worked with over 550 businesses and issued over 2,000 carbon certificates in five countries, across all sectors of the economy. We facilitate networking amongst these businesses to encourage sharing of emissions management learning and we produce numerous case studies on these businesses. From time to time, we publish the results achieved by the top reducers from amongst our members. On average, businesses participating in our carbon programmes reduce emissions by around 30% over a 3-5 year period. In summary,

- action on climate change is the focus of our carbon certification programmes designed to assist the transition of businesses to a sustainable low carbon economy;
- we enable businesses to use recognised international standards to measure and report their greenhouse gas emissions; and
- we provide a science-based framework and tools, aligned with the UN Sustainable Development Goal 13: Climate Action, to assist businesses to understand their carbon footprint, set greenhouse gas emissions reduction targets and implement management projects to reduce these emissions.

We measure our own carbon footprint and have third party verification annually. We set science-based reduction targets and we offset our remaining emissions that we cannot reduce at 120% through the PFSI (Permanent Forest Sinks Initiative) and CDM (Clean Development Mechanism) CERs through the UNFCCC.

Our submission represents the views of Enviro-Mark Solutions Limited informed by over 10 years of experience working with business and industry. Our submission should not be taken to represent the views of our parent Manaaki Whenua – Landcare Research or the businesses participating in our environmental certification programmes. We have participated in workshops on the Zero Carbon Bill with a range of businesses and heard their views and encouraged them to make their own submissions. Some of our responses are based on what we heard from these businesses. Our response does not identify any of these businesses.

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Enviro-Mark Solutions’ submission

CLIMATE CHANGE ACTION

Enviro-Mark Solutions supports the establishment of a Zero Carbon Act and an independent Commission on Climate Change to advise Parliament and monitor performance of Government in implementing the actions needed to achieve net zero emissions by or before 2050.

- Urgent global action is needed to reduce greenhouse gas emissions sufficiently to limit increase in global warming to well below 2°C and to aim to be as close as possible to 1.5°C. The aggregated national commitments to the Paris Agreement are currently not sufficient to achieve this goal.
- Monitoring, reporting and verification (MRV) are essential to ensure that such action is effective in reducing absolute emissions to the atmosphere and in sequestering carbon dioxide from the atmosphere. Leakage and double counting must be avoided.
- Ambitious science-based targets are needed to provide the business community with policy certainty to enable long-term planning and stimulate investment in innovation in low carbon solutions.
- New Zealand can contribute to reducing global emissions through export of its innovation, technology and know-how including recognition of Māori values and world view, and the unique contribution that tangata whenua can make to developing solutions for business and communities through kaitiakitanga and innovation.
- Measures are needed to ensure that the transition to a low carbon economy minimises later economic and adaptation shocks, including to our Pacific territories and neighbours.

KEY CONSIDERATIONS

Enviro-Mark Solutions wishes to make the following observations in relation to consultation on the Zero Carbon Bill:

- **Policy certainty** – many businesses are ready to take climate action; some have already made commitments to achieve net zero emissions by or before 2050; but they need policy certainty in order to make the long-term investment required to achieve deep reductions in emissions.
- **Cross party support** – businesses making long-term investment in innovation and the changes required to achieve deep reductions in emissions, need to know that the national carbon budgets and long-term target of net zero emissions by 2050 will survive future changes in government.
- **All sectors** – all sectors should be encouraged to participate in taking climate change action, prioritising emissions sources that are material to the national footprint, where reductions are easy to achieve and where the emissions source is important to stakeholders.
- **Public sector leadership** – the public sector is lagging behind the business sector in monitoring and reporting its carbon footprint, setting ambitious emissions reduction targets and investing in the transition to a sustainable low carbon economy for New Zealand. Public section action will send an important positive signal to the private sector not yet taking action.
- **Research and development** – is needed to understand the changing impacts of climate change, to develop solutions for both mitigation and adaptation, and to stimulate innovation.
- **Capacity and capability** – urgent action is needed to increase the number of professionals able to develop and implement solutions for climate change mitigation and adaptation.
- **Government procurement** – can stimulate the development and provision of low carbon goods and services through supply chain requirements.
- **Infrastructure and construction** – infrastructure and major construction projects should be required to apply low carbon design and whole life costing to avoid locking in decades of high carbon operation.

- **Transport** – many countries have set a date after which fossil-fuelled vehicles can no longer be imported. New Zealand should take similar action to avoid becoming a dumping ground for these vehicles. This would provide certainty for businesses and individuals, and incentivise faster uptake of electric vehicles in New Zealand.

- **Sustainable Development Goals** – Goal 13 Climate Action has interdependencies with all the other Sustainable Development Goals. There are opportunities to seek co-benefits when implementing climate action e.g. increasing forest cover through indigenous forest supporting the goal to plant a billion trees thus enhancing biodiversity and watershed protection; ensuring affordable housing is energy efficient and healthy; looking for opportunities to apply the principles of the Treaty of Waitangi and kaitiakitanga when developing solutions for climate change action.
(a) 2050 target

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

Pick one:
- ✓ the Government sets a 2050 target in legislation now
- □ 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.

A draft report of the IPCC (Intergovernmental Panel on Climate Change) indicates that climate change action to reduce emissions is more urgent than the timeframes suggested in the Paris Agreement. Without deep cuts in emissions now, average global increase of 1.5°C is expected to be exceeded in the 2040s. Some countries have revised the timeframes for their countries to achieve net zero emissions to 2040 or 2045. Enviro-Mark Solutions believes that action should not be delayed until the second half of the century. We support a long-term target consistent with limiting average global temperature increase to within 2°C and as close as possible to 1.5°C i.e. net zero emissions by or before 2050.

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

Pick one:
- □ net zero carbon dioxide: Reducing net carbon dioxide emissions to zero by 2050
- □ net zero long-lived gases and stabilised short-lived gases: Long-lived gases to net zero by 2050, while also stabilising short-lived gases
- ✓ net zero emissions: Net zero emissions across all greenhouse gases by 2050.

Regardless of the national targets set, New Zealand will be required to continue to include all the greenhouse gases in its national inventory when reporting to the UNFCCC (United Nations Framework Convention on Climate Change). Businesses reporting their carbon footprint according to international standards will be required to continue monitoring and reporting all the greenhouse gases. Dr Jan Wright, while Commissioner for the Environment, in her report on Climate Change and Agriculture (2016) concluded we should be more concerned about methane if we are trying to reduce the impacts of climate change over the next few decades. If we put more weight on the long-term impacts of climate change i.e. centuries, then we can be less concerned about today’s methane. Delaying action on methane is not consistent with achieving net zero emissions by or before 2050, i.e. the next few decades. Delaying action on methane could risk New Zealand’s reputation in international markets. Businesses in the other affected sectors may feel that they are bearing the burden of reducing the other greenhouse gases for which targets are then set.
3. How should New Zealand meet its targets?

Pick one:

☐ domestic emissions reductions only (including from new forest planting)

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

Enviro-Mark Solutions’ view is that the first priority should be domestic emissions reductions through minimising waste, implementing efficiencies, innovation in technology, research and development, and building capability and skills alongside a programme of sequestration through regeneration of native forest, forest planting and soil management. We would like to see investment in domestic emissions reduction and innovation before purchasing international offsets. While there will always be the need to use some offsets, we feel very strongly that these must have scientific and environmental integrity ensuring additionality of the purchased emissions reductions over business as usual. Where ever possible, we encourage the use of offsets that have environmental and social co-benefits that enhance the New Zealand story. Monitoring, reporting and verification including avoidance of double counting are critical in order to ensure that climate change actions result in real reductions in the impact of greenhouse gases on the atmosphere. Enviro-Mark Solutions would like to see a percentage limit to the volume of international offsets (e.g. 10-20%) that can be used and more choice in domestic offset projects backed by Government e.g. the previous Projects to Reduce Emissions. New types of domestic offset projects could be based on emerging technology or provide incentives to encourage emissions reduction using existing technology e.g. on-farm biodigesters to collect methane from slurry and manure and convert to electricity or heat. Businesses participating in the carboNZero programme want more choice in domestic offsets (other than forestry); they want to invest in carbon credit projects that are in their local community or within easy reach for their staff to visit.

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

Pick one:

☐ yes

✓ no.

Enviro-Mark Solutions’ strong view is that in order to achieve long-term planning certainty, the 2050 target should not be changed except where there is scientific evidence and consensus that deeper reductions in emissions are needed.

(b) 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?

Pick one:
Enviro-Mark Solutions’ supports 5 year budgets set 15 years in advance to provide long term planning certainty and sufficient time to adjust policy levers when required to ensure that targets are achieved.

6. Should the Government be able to alter the last emissions budget (ie, furthest into the future)?
   Pick one:
   - yes, each incoming Government should have the option to review the third budget in the sequence
   - yes, the third emissions budget should be able to be changed, but only when the subsequent budget is set
   - yes, each incoming Government should have the option to review the third budget in the sequence
   - no, emissions budgets should not be able to be changed.

   Enviro-Mark Solutions’ view is that the budgets should not be changed unless it is to increase ambition of reduction targets. Plans and policy settings for delivering the budgets could be changed in response to reports on performance against targets, improved scientific and technological knowledge and solutions.

7. Should the Government have the ability to review and adjust the second emissions budget within a specific range under exceptional circumstances?
   Pick one:
   - yes
   - no

   As above – only if it is increasing ambition of the reduction targets.

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:
   - yes
   - no

   Enviro-Mark Solutions’ view is that the Climate Change Commission should advise on budgets; Parliament should decide/adopt the budgets; Government should prepare and implement the plans for delivering the budgets. The Climate Change Commission should monitor performance of the plans against budget.
We wish to see safeguards to stop future governments cutting funding of the Climate Change Commission.

(c) Government response

9. Should the Zero Carbon Bill require Governments to set out plans within a certain timeframe to achieve the emissions budgets?

Pick one:

☐ ✓ yes
☐ no.

Enviro-Mark Solutions agrees that Government should publish plans for each five year budget. These might include regulation, incentivising the uptake of existing technologies, introduction of new innovations, setting timeframes for withdrawal of old technologies e.g. deadline for stopping import of fossil fuel vehicles, investing in research and development, increasing capability in scarce mitigation and adaptation skills.

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?

Enviro-Mark Solutions would like the following issues to be considered: 1) the protection of funding for essential services such as health, education and social services that could be impacted by the cost of repairing large infrastructure damage or failure due to climate change impacts. 2) Penalties where budgets are not achieved. 3) Risk to trade – both exports and imports e.g. potential impact on the economy due to vulnerability of essential goods and materials imported into New Zealand. 4) The role of Government Procurement in reducing emissions by specifying lower carbon intensity of the goods and services purchased by government and specifying the credentials that will be recognised for carbon and environmental claims for these goods and services. 5) The role of Government in incentivising the uptake of new technologies, including opportunities in the primary sector and land-use change. 6) Setting dates for phasing out old technologies e.g. avoid New Zealand being a dumping ground for fossil fuel vehicles. 7) Preparing for new disease vectors and biosecurity challenges. 8) Planning for transition especially where there may be large job losses due to stranded assets or inability to obtain insurance. 9) Building capability and capacity for new technologies and services including retraining for sectors where job losses are expected. 10) Resources to support vulnerable New Zealand sectors and communities e.g. Māori and Pacific Island communities, and Pacific territories and neighbours to prepare adaptation plans.
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:
- ✅ yes
- no.

Enviro-Mark Solutions supports the proposal that the Climate Change Commission advises and monitors New Zealand’s progress towards its goals. This would include assessment of plans developed by Government to deliver the budgets and monitoring of performance against those plans. We are interested to know what steps would be taken should the Climate Change Committee deliver a report indicating that plans are not sufficient or that budgets have not been delivered. How will government be held account if the plans are not delivered? We believe that the Climate Change Commission’s role should include monitoring the effectiveness of Green Finance structures established by Government. The Climate Change Commission needs to be adequately funded to support governance (the commissioners), executive and operational staff (to undertake the analysis, research and assessment needed for the commissioners to advise government on the wide range of key areas of concern).

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:
- ✅ advising the Government on policy settings in the NZ ETS
- makes decisions itself, in respect of the number of units available in the NZ ETS.

The NZ ETS is a regulatory tool to help reduce emissions. Enviro-Mark Solutions’ view is that the Climate Change Commission’s role is to commission any research it requires in order to develop its advice and then provide Parliament with options for changing the settings, model what results such changes are expected to deliver, and the Commission’s recommended settings. Parliament should make the decisions on the policy settings. Government should implement the options enforced by decision of Parliament. The Climate Change Commission then monitors performance after the changes have been implemented. The cost of carbon has to drive action to reduce emissions. The NZ ETS should be able to demonstrate that through its operation, New Zealand’s greenhouse gas emissions have reduced.

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:
- ✅ yes
Enviro-Mark Solutions supports the range of expertise described in the discussion document. However, some gaps that we consider to be important include health, education, the built environment, emergency services/civil defence, green finance, international negotiations and expertise in behaviour change. Some of the skills needed to address climate change are scarce in New Zealand. Enviro-Mark Solutions encourages investment to support capacity building in the scarce skills areas.

Adapting to the impacts of climate change

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

Pick one:

☐ yes
☐ no

The current level of anthropogenic greenhouse gases in the atmosphere may have already locked in an average increase in global temperature of 1.5°C by the 2040s. This increase will result in physical impacts to which New Zealand must adapt. Enviro-Mark Solutions supports the inclusion of adaptation in the Zero Carbon Bill and in the responsibilities of the Climate Change Commission. Adaptation plans need to include management of the shocks to the economy e.g. due to divestment of investors and insurers from fossil fuel dependent industries, impacts on trade (both export and import), protection of budgets for health, education, emergency services and other social services. The recent move of large insurers to divest from fossil fuel dependent industries has the potential to leave some industries stranded resulting in job losses and shocks to the economy. Planning for a transition that mitigates these shocks is important.

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:

☐ yes
☐ no.

The section on adaptation focuses on infrastructure and community impacts that are local to New Zealand such as caused by sea level rise. Enviro-Mark Solutions’ view is that the composition of the adaptation committee could include a representative of emergency services and civil defence i.e. the services impacted by extreme events. One aspect that does not come through in the discussion is the impact of climate change on trade i.e. the supply chains of essential goods and materials that are imported into New Zealand and are critical to the New Zealand economy. In case of big infrastructure repair costs, how will Government
protect health, education, affordable housing and other social services. Could Kiwisaver and the State Pension Fund be impacted. Noting that Māori and Pacific Island communities in New Zealand are impacted more than other communities with health issues, poor quality housing and higher bills for heating and fuel, adaptation measures must address these vulnerable communities. New Zealand has a role to play with respect to its territories and other Pacific islands. Refugees, defence and foreign policy should that be in scope of the Climate Change Commission.

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:

- ✓ yes
- no.

Enviro-Mark Solutions’ view is that risk assessment and adaptation are issues for governance of businesses. The CDP requires listed companies to disclose these issues as they are of importance for institutional investors. These issues would be reported by listed companies who are using the ESG (environmental, social and governance) guidance published by the NZX. Some larger businesses are adopting the TCFD (Taskforce on Climate-Related Financial Disclosure) reporting guidance. However, the functioning of certain organisations are critical to communities and the economy e.g. some central government departments, local government, infrastructure and utilities. If private sector companies are required to report to a regulator on these issues, such reporting should be aligned with other voluntary reporting or be a subset of that reporting to avoid duplication of effort. Is the Government considering the use of ISO/DIS 14090 Adaptation to climate change – Principles, requirements and guidelines which is being developed for organisations to put in place a structure to help them prepare for changes in weather patterns and implement adaptation measures?