Ministry for the Environment
Manatū Mō Te Taiao

Briefing: Consultation feedback on the second emissions reduction plan discussion document

Date submitted: 2 October 2024
Tracking number: BRF-5365
Sub Security level: CLASSIFICATION
MfE priority: Urgent

Actions sought from Ministers		
Name and position	***Action sought***	***Response by***
To Hon Simon WATTS **Minister of Climate Change**	**Agree** to refer this briefing to relevant Ministers	9 October

Actions for Minister's office staff

Forward this briefing to:
Minister for the Environment, Hon Penny SIMMONDS
Minister for Energy and Transport, Hon Simeon BROWN
Minister of Agriculture and Forestry, Hon Todd MCCLAY
Minister for Building and Construction, Hon Chris PENK
Return the signed briefing to the Ministry for the Environment (ministerials@mfe.govt.nz).

Appendices and attachments

Appendix one: ERP2 consultation events and discussions
Appendix two: Detailed system wide feedback and relevance
Appendix three: Climate Change Youth Advisory Group submission

Key contacts at Ministry for the Environment

Position	*Name*	*Cell phone*	*First contact*
Principal Author	Charlotte Harris-Miller		
Responsible Manager	Simon Mandal-Johnson	64 27 288 0142	✓
General Manager	Hemi Smiler	64 21 2385678	

Minister's comments

Consultation feedback on the second emissions reduction plan discussion document

Key messages

1. This briefing summarises feedback on the second emissions reduction plan (ERP2) discussion document. Just under 1,840 written submissions were received, as well as feedback from events and discussions (attended by over 1,400 people). Written submissions came from a range of stakeholders (just over 200 who identified with business or industry, around 400 who identified with NGO or environmental group, just over 100 young people, 71 from Iwi or Māori and just under 50 from local/regional government)[1]

2. As Minister responsible for the plan you have a legal duty to consider feedback as you make decisions on the final plan. The main feedback themes included:

    i **Balance of gross and net:** A predominant theme was a call to "do more" in ERP2 and include additional actions to increase the pace of gross reductions, especially in the near-term.

    ii **Use of technology:** Concerns were raised that the plan as described in the discussion document placed an excessive reliance on what some submitters regarded as unproven technology.

    iii **Cost-effectiveness:** Limited support for a perceived excessive focus on cost-effectiveness, as many submitters felt other costs/benefits need to be given the same degree of priority.

    iv **Role of the New Zealand Emissions Trading Scheme**: Most submitters supported using the NZ ETS as a key lever in ERP2 - although this went alongside calls for significant changes (eg ending industrial allocation and exemptions, ensuring a rising price and adjusting incentivises for more gross reductions).

    v **Expand the scope of ERP2**: Calls to include more sectors in ERP2 - especially the Built Environment and Research, Science, Innovation and Technology.

    vi **Approach to ERP1:** There was little support for changing the approach in ERP1, mainly because submitters were concerned that doing so may result in lost momentum and make achieving future budgets more challenging.

3. Key submission points on sector proposals:

    vii **Energy**: There was moderate support for the proposals, though twice as many submitters said more action should be taken. A key suggestion was for policies to expand solar generation. Most submitters did not think current policies incentivise investment in low emissions fuels (LEF). A small number were strong advocates for opportunities to develop bioenergy/biomass/biochar.

    viii **Transport:** Around half of the submitters supported individual policies, but overall, there was very little support for the approach itself. Rather, submitters said the priority should be on expanding public transport and mode shift.

[1] Note that submitters could identify with more than one group.

ix **Forestry and wood processing**: Just over half of submitters said more should be done, and just under half did not support proposals as outlined. Most submitters supported actions to increase the use of native planting, including on Crown Land.

x **Agriculture:** Most submitters' feedback was that policies should go further to drive larger and faster emissions reduction - predominantly by pricing. Just over half of the submitters supported pricing agricultural emissions before 2030.

xi **Waste:** Significant support for proposals, with calls to do more and ensure the proposed actions do not reduce efforts further up the waste hierarchy, or to expand the circular economy.

4. You hold a legal obligation to consider the consultation feedback when setting the final plan. To support you in discharging this duty, we recommend you forward this briefing to your colleagues who hold sector-specific responsibilities. For the ERP2 areas you are responsible for, we will provide you with additional details on the consultation feedback when we ask you to take decisions on the contents of the chapters within ERP2.

5. After the final plan is released, officials will publish individual submissions and a summary of feedback on the Ministry's website. You may wish to include a summary and outline of how the final decisions have considered feedback in the final plan.

Recommendations

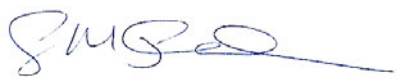
We recommend that you:

a. **direct** officials on issues raised from consultation feedback that you wish to have considered further for inclusion in the final ERP2.

b. **refer** this briefing to Ministers with responsibility for sector policies in ERP2.

c. **note** officials plan to publish a summary of feedback and individual submissions in early 2025 after the final plan is released.

Signatures



Simon Mandal-Johnson
Manager – Climate Strategy
2 October 2024

Hon Simon WATTS
Minister of Climate Change
Date

Consultation feedback on the second emissions reduction plan discussion document

Purpose

1. This briefing summarises submitter feedback on the ERP2 discussion document, received during the recent public consultation. As Minister responsible for the plan, you must be assured that consultation has been adequate, which includes being aware of the submitters' views and considering the feedback during decision making for ERP2.

Background

6. Public consultation is a legal requirement in the development of an ERP. The ERP2 discussion document was released for public consultation on Wednesday 17th July (see BRF-4321 and CAB-24-MIN-0248). Consultation ran for 5.5 weeks and closed on Sunday 25th August.

7. Consultation included 40 events or discussions with stakeholders, including many Post Settlement Governance Entities (appendix one provides more detail). The Ministry received 1,836 written submissions, including 153 from children. Submitters came from a wide range of groups and demographics.

8. The Ministry reviewed and analysed all submissions. In addition, officials across the agencies responsible for individual policy issues received copies of submissions from their key stakeholders, and submission details pertaining to their sectors. We understand this has been used to inform advice to relevant Ministers.

Analysis and advice

9. Submitters on the discussion document were free to provide feedback on whichever sections they were interested in. The sectors that received the largest number of submitter comments were the NZ ETS section (at just over 1,200), the overall ERP2 approach (at just over 800), and the Transport sector (just under 740). The other sections ranged from 157 submitters (supporting sectors to adapt to the effects of climate change) to just over 580 (Energy sector).

System-wide feedback[2]

10. The headline themes outlined below relate to the overall approach to ERP2 as described in the discussion document. These points of feedback are relevant to decisions for the plan and policies you are actively considering as you work with your colleagues to shape the final ERP2. The feedback aligns with issues, opportunities and considerations that officials have discussed with you previously. Further details on the system-wide

[2] Few/minimal = 5 percent and less, Some/limited = 5 – 25 percent, Many/moderate = 26-50 percent, Most/notable = 51-80 percent, Almost all/significant = 81 percent and over.

feedback are provided in appendix two. Please note results relate to the number of submitters who commented on or responded to that issue or question, not to the overall number of submitters on the discussion document.[3]

Balance of gross and net

11. A predominant theme of feedback was a call to "do more" in ERP2. Across multiple sections of the discussion document, including feedback on all sectors, submitters were of the view that more actions are needed to encourage, incentivise, or require faster gross reductions.

12. Some submitters talked about needing to not just make sure we meet EB2, but to use the time during EB2 to set New Zealand up to meet future, more challenging budgets. Having a "buffer" in place between projected emissions and budget limits was noted as the best way to reduce risks of not achieving EB2 should unexpected events occur, or implementation of actions not deliver the level of abatement expected.

13. While many submitters discussed the advantages of a net-based policies (such as flexibility), almost all did not support this being the main approach for ERP2. In essence submitters felt the benefits are outweighed by disadvantages and risks.

14. Most submitters were concerned that a net focus for ERP2 will disincentivise gross reduction or send a signal that decarbonisation efforts can be deprioritised across sectors. Many submitters were also concerned that because of this, it may make future budgets more challenging to meet. Given the role of exotic forestry in a net-based approach, some submitters were also concerned about the potential to increase the risk of maladaptive environmental effects from large scale plantations.

Use of technology

15. There was a moderate amount of concern that the plan placed an excessive reliance on unproven technology, especially Carbon Capture, Utilisation and Storage and methane related technology. Such a reliance on technology was seen as a high-risk strategy by submitters, who were concerned about the ability of these solutions to become affordable and available at a large enough scale during the EB2 period. A smaller number of submitters also commented on the potential for negative environmental effects from some of the technology.

16. A smaller group of submitters, especially those involved in technological development such as biochar, had the opposite view that technological innovation provides important opportunities to meet budgets and targets.

Cost-effectiveness

17. There was limited support for a focus on cost-effectiveness from a wide range of submitters. Submitters who identified as a range of business/industry groups and those who identified as NGO/community groups did not support the approach.

---

[3] Submitters could feed back on multiple ideas, or indicate both advantages/disadvantages, support/not support as they may support some proposals but not others. Therefore, results may not be directly comparable to each other. Not all submitters gave feedback on all topics, therefore percentages relate to the total number of submitters who did respond.

18. The main reason that submitters did not support the approach was the belief that it would narrow down focus on investments and initiatives too sharply on short term fiscal/economic costs and benefits, discounting a wider range of future costs and benefits (such as health, social and environmental). Some submitters also had the view that any cost savings during EB2 will be outweighed by additional costs in later budget periods as transition costs may be delayed, rather than avoided.

Role of the New Zealand Emissions Trading Scheme

19. There was moderate support for the NZ ETS to be a key lever in New Zealand's mitigation efforts during EB2, though this support was often caveated with comments about significant improvements these submitters believe are needed for the scheme to be an effective and drive the rate of change necessary to help meet budgets. The two most common advantages of the scheme submitters noted, if it is working in line with its objectives, were its ability to incentivise innovation and change, and the role it has in balancing public and private costs of decarbonisation.

20. The most common disadvantage identified, which for many submitters was a core reason not to support using the NZ ETS as a main tool to meet EB2, was that current settings incentivise unsustainable land use through exotic forestry.

21. There was notable support for the government to take steps to ensure a stable and rising price, with submitters noting without this the scheme is undermined and will not drive fast enough change.

22. Most submitters had some view on how to increase confidence in the NZ ETS. The main challenge to confidence from submitters' points of view was that the current coverage of the scheme does not allow it to meet its objectives. In essence, that the settings do not have the balance right between acknowledging/rewarding/incentivising the mitigation efforts or potential of some areas, while not creating oversupply of credits, balanced against incentivising/requiring more gross reduction efforts in other sectors.

23. Many submitters want settings adjusted to improve this balance, better focus industries on gross reductions and decarbonisation at source rather than offsetting and ensure that all industries/sectors "do their fair share". This was viewed as the best way to build trust and confidence in the scheme.

24. The most common ways submitters suggested this balance could be found included:

    i using NZ ETS derived funds to directly finance or co-invest in decarbonisation efforts (and to a lesser degree into mitigating the distributional impacts of policies and initiatives)

    ii adjusting coverage and scope (especially in terms of the role of forestry and agriculture before 2030), reduction in exemptions and the urgent removal of industrial allocation.

    iii making changes to the use of caps and to stockpiled credits to ensure price rises.

25. Further advice has been provided to you on the role of the NZ ETS in ERP2 (see BRF-5253).

Adding sectors to the final ERP2

26. The main suggestion for sectors/policy areas to include in the final ERP2 was the “Built Environment” (with a focus on the building and construction industry itself, building codes/standards, better integration in urban form/planning, and efforts to ensure energy efficient homes). Other common suggestions were “Research, Science, Innovation and Technology”, and the development of an overarching methodology as part of ERP2 to better coordinate and integrate mitigation efforts across sectors, and ensure actions are mutually reinforcing and do not unintentionally undermine each other.

27. Drafting is underway on Built Environment and Technology sections for the final ERP2 as discussed with you.

Additional system-wide feedback

28. The CCRA requires that ERP2 include a strategy that mitigates the impacts reducing emissions will have on different groups. Most submitters on this topic focused on the impacts on households and employees, or on Māori and iwi. Transport, energy policies and the effects of the ETS were identified as the main causes of impacts, and almost all submitters believed government should take more direct steps to mitigate these. Further advice has been provided to you on a strategy to mitigate the distributional impacts of ERP2, which includes more detailed information on this feedback from submitters (see BRF-5302).

29. There was support for Māori and iwi led action and the potential for partnerships between Māori and iwi and the government to move climate change mitigation efforts forward, especially at a local or community level. The areas of the proposals that submitters thought would have the biggest impact on Māori and iwi were policies that involved land use change, or changes to the use and management of forestry. Further advice has been provided to you on this issue (see BRF-5276).

30. In terms of barriers and opportunities in private investment in climate mitigation, most submitters believed that current measures to incentivise private investments are not working well. The main barrier identified was government policy and regulatory uncertainly. Submitters noted that the medium to long term context (eg five-to-ten-year horizon) is an important consideration for large-scale investment decisions and more frequent changes to strategies, directions etc from government that can impede confidence.

31. As you are aware, an ERP2 must include a strategy to support sectors to adapt to the effects of climate change. Almost all submitters in this area thought that the approach outlined in the discussion document should go further. The main area submitters suggested was funding or financing of adaptation costs, which was seen as a cost that can be deprioritised compared to other costs. The other common suggestion was expanding government-based data and information resources to better help sectors to understand, plan and monitor for adaptation.

32. As you are aware, you are required to consider the Climate Change Commission’s advice as decisions are made for the final plan. Most submitters who expressed views on the Commission’s advice said the ERP2 should align with the Commission’s advice and recommendations. Further advice has been provided to you on the Climate Change Commission’s recommendations (see BRF-5252).

Feedback on the changes to ERP1

33. During consultation submitters were asked for feedback on the changed approach to ERP1. Almost all submitters did not support the changes to ERP1, mainly because of concerns that it will slow down momentum towards targets and may make achieving future budgets more challenging. Other points raised about the change in approach to ERP1 included the effects it may have on our international commitments and offshore mitigation options, concerns about removing policies that focused on addressing distributional impacts, and the effect that may have on increasing inequity.

34. These submitters also commented on the ERP2 areas of the discussion document, and their feedback also raised concerns in line with those outlined above, such as a perceived over-reliance on technology and the role of the NZ ETS. The IEB has provided you with further advice about the approach to changes in ERP1 (see BRF-5025).

Feedback on sectors

35. The following section summarises the main themes of feedback on each sector. MfE officials have shared further detail with officials in other agencies for them to use as they advise their Ministers on sector chapters.

Sector	Key feedback
Energy	• Moderate support for the Energy proposals overall, especially given the emphasis on renewable energy, though most submitters felt the proposals should go further to address barriers beyond consenting regulations or to reduce emissions in other ways. • Many submitters, including some who identified as "energy sector submitters" wanted more actions to increase the generation of solar power (across the spectrum from large-scale generation to at home supply). • While not a specific question asked, many submitters called for the end to gas/oil/coal exploration and use, though a small number believed natural gas is vital in the transition and more certainty is needed to ensure supply. • Other common actions suggested by smaller numbers of submitters included closing Tiwai Point Aluminium Smelter to divert supply, actions that make homes more energy efficient, and actions that focus on industry decarbonisation. • Most submitters did not think current policies go far enough to incentivise private investment to develop and roll out low emissions fuels and wanted more action in ERP2 to support this. • As noted earlier, overall, there was limited support for CCUS, though when asked to identify barriers to its use in the energy sector a small number of submitters noted a lack of research and development, availability of technology, and various regulatory requirements.
Transport	• Almost all submitters did not support the transport approach in the ERP2 discussion document, though there was moderate support for individual actions such as Electric Vehicle Charging Installation and steps to switch to lower emissions fuels.

	• This difference of support/not support was because most submitters believed the focus in ERP2 transport policy should primarily be about mode shift and public transport, over encouraging electric vehicles or low-emissions fuel vehicles. • In public transport submitters wanted; more options created in cities and towns outside the main centres, creative solutions in rural communities, and more inter-regional public transport. There were also strong calls to reduce fares for users, especially those in lower socio-economic groups. • In terms of mode shift many submitters want the proposals to focus on expanding freight rail and costal shipping to move freight off the roads. As noted, they saw public transport and active transport as ways to shift people out of cars not just for emissions benefits but for many other co-benefits.
Forestry and wood processing	• Most submitters either did not support the proposals or felt they should go further. • Submitters had a very strong preference for the use of natives over exotics, including in afforestation on Crown Land. • Some submitters specifically requested that government work closely with Māori, iwi, local communities and environmental experts as this initiative is designed and implemented. • In wood processing, submitters identified that consenting alone is not the main barrier and that there is large potential for the role of wood in the built environment to expand moving forward.
Agriculture	• Most submitters said more should be done in this sector during EB2 to reduce emissions. • Strong support for pricing agriculture emissions before 2030. • Some support for advancing the various technologies to help mitigation in this sector, caveated with feedback that: - products may not be widely available at an affordable price during EB2 - that more research and development is needed to understand how these tools will work in the New Zealand context - investigating new technology should not reduce focus on expanding alternative farming practices to increase efficiency or reduce emissions that many farmers already use. • Moderate support for reducing herd sizes nationally. • Support to encourage and help farmers switch to more efficient farming practices or to switch to farming different animals/crops.
Waste	• Significant support for the proposals to invest in resource recovery and advancing work in organic waste disposal and landfill gas capture.

	• Overall submitters believed more should be done, especially to help avoid waste creation or grow the circular economy. • Submitters commented that the ERP2 is an opportunity to improve the reach and effectiveness of recycling nationwide. • Some submitters commented that there needs to be a nationwide, cross-sector long-term strategy and framework around waste reduction, because without it consumers/users and business are confused, distrustful of the system and research and development is not incentivised.
Non-Forestry removals	• Most submitters were of the view that there is opportunity in New Zealand for non-forestry removals to expand, especially nature-based initiatives like restoration of wetlands and peatlands, and the use of biomass/biochar and CCUS. • The potential for environmental co-benefits was a main reason for supporting these opportunities • Support was caveated with comments that careful planning and robust research is needed to avoid unintended or unanticipated consequences, especially negative environmental effects. • Barriers that were identified as places where government could put effort included upfront costs, uncertainty around land use regulation, and the NZ ETS not incentivising these options.

Headline views of different submitter groups

36. Outlined below are the headline views/feedback from different submitter groups on key issues. Views of Māori or iwi submitters are outlined in an associated briefing you have been provided (see BRF-5276). Appendix three also has a copy of the Climate Change Youth Advisory Group's submission.

37. Note that many submitters identified themselves with more than one group and are represented in more than one demographic.

Business and industry

38. There were just over 200 submitters who identified as being a business, part of an industry, or an ETS market participant. Many of these submitters shared the view that more should be done to support gross reductions in the final plan alongside the use of removals or that the range of policies in the discussion document should be expanded, though just over half still support the use of a net-based approach.

39. About a quarter of the submitters who feedback on the role of the ETS supported the using it as a key lever for ERP2, and many raised similar points outlined above about improvements and ways to support confidence in the ETS in terms of price and stability. There was a small number of submitters who took a differing view to most and did not support changes to settings such as industrial allocation or pricing agricultural emissions.

40. Some business and industry submitters expressed more optimism for technological approaches than submitters did at large, especially in agriculture and around bioenergy/biochar/biomass. These groups emphasised the importance of growing New Zealand-based research and development, so scientific evidence can underpin all decisions in climate mitigation, including the use of technology.

41. There was slightly more discussion from these submitters about the need for policy and regulatory stability from government, where settings and initiatives remain throughout election cycles. Another key point made by many of these submitters that was less common for other submitters is the direct role for government in helping to develop the future workforce and ensure that New Zealand has people with the skills and knowledge to enable the transition across sectors.

Local and regional government

42. There were 48 submissions from local governments, or individuals who work in local government. A common piece of feedback was that the role of local government in emission reduction overall, and specifically in implementing aspects of the ERP2 proposals, needs more consideration before implementation and a strong partnership approach between the parts of government will be needed. This group of submitters also strongly supported the inclusion of urban planning/built environment considerations into the final ERP2, given the interconnectedness of policy proposals.

43. This group had similar views overall to general submissions around things like the role of the ETS and more actions to support gross reductions. Given local and regional councils' responsibilities, there was also significant commentary about the negative side effects of forestry and requests for much more to be done to mitigate these should forestry continue to play a large role in removals. Notably many of the submitters in this group expressed views that more needs to be done in terms of managing the potential for policies to create further disadvantages for some community groups.

Community Groups and NGOs

44. There were just over 400 submissions from environmental or other NGOS/community groups, or people who associated with such. This group was the most unsupportive of, or concerned about, a net-based approach and the role of the ETS (just over 95 and 90 percent respectively did not support this or identified disadvantages and risks). As with other groups, they called for substantive additional actions to reduce gross emissions.

45. A number of these submitters discussed what they saw as reputational and financial costs of the approach to ERP2 outlined in the discussion document. There was strong support for emphasising environmental, health and social benefits above solely economic ones, with a view that economic growth and fiscal profits are important precursors to wellbeing, not ends in themselves.

46. Many of these submitters discussed at length the possible impacts of policies and initiatives on New Zealanders who may already be disadvantaged. In general, the feedback was that the proposals did not take clear enough action to reduce the inequity these groups experience (for example though high transport costs, or higher energy costs because of energy-inefficient housing).

Children's feedback

47. There were 153 children's submissions collected and collated by one organisation. The feedback and detail varied, though in many places echoed the feedback outlined above.

Key things the children suggested government should do to stop climate change or to protect the environment are outlined below:

iv Help more people have electric cars instead of petrol ones.

v Stop people making rubbish, ban plastic and makes sure everything is recycled.

vi Protect the environment and our waterways from pollution and protect animals' habitats.

vii Have more renewable energy in New Zealand.

viii Stop companies from polluting or make them pay if they do (remove industrial allocation).

48. Officials are working with the organisation to identify an appropriate way to recognise these submissions.

Te Tiriti analysis

49. Te Tiriti issues associated with the development of ERP2 are outlined in a briefing provided to you alongside this one (see BRF-5276).

Next steps

50. Alongside this briefing you are receiving several others to support your decision-making for the final plan and will receive more in the coming weeks. Where relevant these briefings were based on analysis of consultation feedback. Any implications for policy decisions including recommendations for changes arising from feedback will be covered in those briefings.

51. If you would like more detail on any of the submission points outlined in this briefing or the associated briefings to support your decision making, this can be prepared.

52. After the final ERP is released in mid-December, officials plan to publish a summary of feedback, and individual submissions, on the Ministry's website. You may wish to include a summary and outline of how the final decisions have considered feedback in the final plan.

Appendix 1: ERP2 consultation events and discussions

In total 40 events were held attended by over 1,420 people[4]. This included:

Sector events:

- Three forestry, including with Ngā Pou a Tāne (National Māori Forestry Association) and Te Uru Rākau – New Zealand Forest Service Sector
- Two on Agriculture
- Two on the ETS
- One on Transport
- One on Energy
- One on Waste

Other stakeholder events:

- Three business events
- Two local government events
- Two general public events
- Two Youth events
- Two Māori and iwi focused events
- One ENGO event

Hui with individual iwi and iwi collectives:

- Ātiawa ki Whakarongotai Charitable Trust
- Gisborne Iwi Collective
- Hawkes Bay Iwi Collective
- Ngāi Tahu
- Ngāi Tai
- Ngāti Awa
- Ngāti Kahungunu Ki Wairarapa
- Ngāti Rangi
- Ngāti Raukawa
- Ngāti Toa Rangatira
- Ngāti Tuwharetoa
- Ngāti Wai
- Ngāti Whare
- Pouakani Trust
- Rangitāne
- Taranaki Iwi Collective
- Te Roroa Manawhenua Trust
- Te Whānau-ā-Apanui

[4] Attendee counts were not taken at all events so the actual number will be higher.

Ministry for the Environment
Manatū Mō Te Taiao

Appendix 2: Detailed system wide feedback and relevance

Detailed feedback[5] **-** Percentages are based on the number of submitters who responded to that question/issue not the total of 1,846.	**Relevance for policy areas / decisions**
Net-based approach	
Some submitters (35 percent) noted advantages of a net-based approach such as: • A belief it is realistic and/or flexible, makes the targets more achievable, and gives New Zealand more "tools" to use towards net zero (35 percent) • Potential to support biodiversity and other environmental co-benefits through use of native afforestation, nature-based removals etc. (11 percent) In contrast, almost all (91 percent) did not support the approach or identified disadvantages such as: • Sending signals that decarbonisation and gross reductions are not a priority (67 percent) • Relies on future tech innovation (40 percent) • That it is a short-term solution that is likely to make meeting future budgets more challenging (34 percent) • Risks incentivising unsustainable land use (29 percent)	• Three key strategic opportunities to manage ongoing sufficiency • Consider the balance between removal-based and reductions-based government policies within ERP2, such as partnerships with industry to incentivise decarbonisation. • Implementation of ERP2 policies, policy design to mitigate risks, especially in the use of forestry. • Potential inclusion of a Technology/Innovation chapter/approach which can set out how technological development will be supported during the EB2 period. • Decisions on the role of emerging technology, policies to support technological advances or research into the viability of technological-based solutions for abatement. • Relevance for CCC recommendations #2, #3
Role of technology: Many submitters were concerned about what they saw as an overreliance on technology in the plan - for example, Carbon Capture Utilisation and Storage and methane inhibitors in agriculture. They were concerned that the various technologies are unlikely to be at scale or affordable enough during EB2 to have a material impact on abatement. Even if technology became viable at scale, there was feedback that other barriers (such as beliefs and attitudes) may mean technological solutions are not used to their full potential. Feedback about reliance on technology in ERP2 in general: • 212 submitters in their feedback around disadvantages of the net-based approach commented on what they saw as an over reliance on technology in the approach, that was a risk (26 percent) • 330 submitters commented along the same lines throughout various other sections of feedback	

[5] Submitters could feed back on multiple ideas, or indicate both advantages/disadvantages, support/not support as they may support some proposals but not others. Therefore, results may not be directly comparable to each other. Not all submitters gave feedback on all topics, therefore percentages relate to the total number of submitters who did respond. Few/minimal = 5 percent and less, Some/limited = 5 – 25 percent, Many/moderate = 26-50 percent, Most/notable = 51-80 percent, Almost all/significant = 81 percent and over.

While it was not asked as a specific question, many submitters provided their views on the use of CCUS: • 157 submitters specifically noted they do not support the use of CCUS. • Concerns were about a lack of reliable and at-scale evidence to suggest this is a realistic solution, and the possibility of unknown environmental impacts in the future. • This compares to 57 submitters who, in feedback around the non-forest removals section, said there may be some opportunity to explore the use of CCUS as an alternative to forestry-based removals. Small numbers of submitters, mainly those involved in the industries, commented on other "bio" energy sources. • 32 submitters support biogas/bioenergy development generally (such as methane, bioethanol) with a caveat at times that biofuels can displace land that would otherwise be used in food production. • While not a specific question, there was support for biochar/biomass as an energy source to consider developing. There were 49 submitters who were very supportive of this possibility.	
The majority of those who commented on the calculated abatement impact of the plan (81 percent) fed back that they did not think there was enough information to determine if the policies were sufficient.	• Relevant to the communication of the assessed sufficiency of the final plan to the public.
Cost effective approach	
Most submitters who fed back on this part of the approach to ERP2 did not support it (86 percent). By count, more submitters from every category noted a concern with the approach than not. There were business/industry and community/NGO submitters who commented with both views. The main reasons submitters gave for not supporting this were: • Belief that social, health and other environmental costs and benefits should be considered equally to fiscal/economic costs – comments included suggestions on other kinds of measures such as social ROI (40 percent). • Concerns that any economic cost saving over the EB2 period will likely result in greater costs in future budgets as it becomes more necessary to reduce emissions at source (24 percent). • That it contains a greater risk of market failure through a reliance on business and industry action rather than government action (16 percent).	• Consideration for the communication of a least cost approach in the final plan.
Coverage of sectors	
Submitters were asked if additional sectors should be included in the final plan, the four most common are below: • 45 percent suggested the "Built environment' (focused on actions that can be taken in the industry itself to decarbonise, and on energy efficient homes through support for double glazing, efficient appliances, insultation etc).	• Discussions with relevant Ministers about including additional sectors in the final plan and what those cover.

• 18 percent suggested more formal coordination of all sectors to better align decarbonisation efforts and monitor the interactions of actions across sectors. • 14 percent recommended the inclusion of a Research/Science/Technology/Innovation chapter. • In various sections of feedback 82 submitters suggested a "Ministry of Green Works" to support transition to a green economy.[6]	• Consideration of the implementation of ERP2 • Relevance to CCC rec #1, 13
NZ ETS	
Most submitters supported its use as a key lever (60 percent), though 39 percent identified disadvantages or did not support such a fundamental role for the ETS in ERP2. Even those who supported the use of the ETS also did so alongside comments about improvements that they believe need to be made. In contrast, for those who identified as NZ ETS market participants 54 percent were in support or identified advantages and 81 percent commented on disadvantages or did not support the approach. However, there were only a small number of submitters who identified as ETS participants. Those who commented on advantages often did so while noting that these advantages are only present if the scheme is working as intended. The most common advantages noted by submitters were that the scheme can encourage innovation and change specific to the needs and circumstances of a particular business or industry, and that it can be effective at balancing the public and private costs of decarbonisation in an equitable way. Common disadvantages submitters identified with the current settings included: • Potential to incentivise unsustainable land use, decisions that have negative environmental impacts or maladaptive actions – usually in relation to the way the current settings incentivise use of exotic forestry (29 percent) • It allows emitters to avoid responsibility through exemptions and industrial allocation (27 percent) • Presents a risk to the ability to meet budgets and targets (18 percent). Submitters also gave feedback on what they think of the NZ ETS objectives: • Driving decarbonisation during EB2 across industries through a stable and rising price was viewed as the fundamental objective of the scheme (67 percent) • Focus on incentivising gross reductions first and foremost, rather than encourage offsetting as the primary action (26 percent) In terms of actions submitters believe will help increase confidence in the NZ ETS, feedback included: • Using ETS derived funds to directly coinvest or finance decarbonisation initiatives; for some of the submitters this was seen to gain "social licence" for the scheme (53 percent)	• Decision on the role of the NZ ETS in ERP2 and settings. Advice is being prepared for you on: - The Role of the ETS in ERP2 (BRF-5253) - Industrial Allocation (BRF-5417) • Decisions on pricing of agricultural emissions. • Relevance for CCC recs #4, 11

[6] The concept of a Ministry of Green Works was suggested in the Green Party's suggested content for submissions.

• Adjust the settings and management of NZ ETS, including things like expanding the coverage so that in some areas (like indigenous biodiversity) efforts are acknowledged/potentially rewarded, and in others (like agriculture) efforts are more strongly encouraged, redirecting funds derived from the NZ ETS directly into supporting people disproportionally affected by the transition, and having the Climate Change Commission playing a bigger role in management (30 percent) • Reconsider the role of forestry in its current form (21 percent) • Reviewing how the caps/stockpile and auctions work to be more effective at driving a rising price and incentivising gross reductions (15 percent) • 300 submitters agree with including agriculture in the NZ ETS (or pricing these emissions through an alternative structure) before 2030, with comments often reflecting that the emissions impact from agriculture is not "fairly" managed without this. • Just over 770 submitters commented on industrial allocation, and 99 percent of them did not support its ongoing use. • While not strictly about NZ ETS setting, there were just over 230 submitters who suggested that a Carbon Border Adjustment Mechanism is considered to help manage the effects of a raising price.	
Māori and iwi led action	
Submitters commented on ways they believe government can support Māori and iwi led action to address climate change: • Funding or financial support (48 percent) • Include Māori and iwi more closely in policy development/design or implementation planning (35 percent) • Training/education/upskilling (25 percent) Similarly, submitters provided feedback on the opportunities that could be available for Māori and iwi in the ERP2, including: • Partnerships with government - this was often about ensuring a holistic and interconnected understanding of potential in climate initiatives, energy opportunities and forestry (38 percent) • Opportunities for Māori or iwi to set up projects under the ERP2 policies/initiatives (31 percent) • General economic development (13 percent). Submitters said the main identified impact of the policies on Māori and iwi outlined in the discussion document was land use impacts from forestry and other removals (49 percent), followed by Legal/Te Tiriti impacts (24 percent), impact on Māori and Iwi role as environmental stewards (21 percent)	• Advice has been provided to you on this (BRF-5276) • Relevance for CCC recs #7, 8

Funding and finance	
Most submitters believed that current measures to incentivise private investment in climate mitigation are not working well (52 percent). The most common barriers identified included: • Policy uncertainty such as removing incentivises for gross reductions, a lack of clarity about future regulations and market conditions, lack of long term bi-partisan strategies that can be relied on past three-year election cycles (45 percent). • Financial barriers such as return on investment not being significant enough to encourage this, no tax incentives, high upfront capital costs for transition, and high costs in research and development to provide evidence for investment decisions (38 percent). Submitters' main feedback on how to mitigate barriers was to ensure longer term policy certainty and reliability (32 percent). Almost all submitters (89 percent) had a wide range of other ideas that covered things like: • Tax incentives • Supporting research and development • Educating industries on decarbonisation pathways, followed by requirements to have a plan for decarbonisation • Looking for more international partnerships or collaborations • Create new investment tools or funds focused on local and community-based projects, or for smaller/emerging business.	• Consider in the further development of the Sustainable Finance Taxonomy and strategy and in the government's approach to research, innovation and technology • Relevance to CCC rec #5
Supporting sectors to adapt	
Almost all submitters in this area thought that the approach could go further to support with what they saw as barriers for sectors in adapting/preparing to adapt to the coming effects of climate change (79 percent). The most common barriers included: • Inadequate governance and institutional arrangements in business or across industries/sectors (41 percent) • Costs and financial barriers (24 percent) • A lack of awareness or understanding of the potential impacts and effects of climate change (24 percent) • A lack of data and information to inform planning and decision making (22 percent) Government-based actions/policies submitters felt would go some way to addressing these barriers included: • Funding and finance (41 percent) • Information and data (27 percent)	• Consideration in the strategy to support sectors to adapt to the effects of climate change.

Distributional impacts	
Submitters focused on potential distributional impacts of ERP2 on households, and workers, and communities The main impacts they identified would have the greatest negative impact were: • Transport cost increases (19 percent) • The need for households to purchase new appliances/cars etc for energy efficiency, or as they can no longer repair or use what they have (19 percent) • Power bill costs (17 percent) • Other costs such as insurance premiums, rates increases, additional costs felt by disabled people or others at-risk in their daily lives (31 percent) In terms of which sectors' proposals or approaches may result in distributional impacts, submitters noted the most likely were: • Transport policies (40 percent) • The ETS approach (27 percent) • Energy policies (19 percent) When asked if there should be more support to mitigate the distributional impacts of ERP2, almost all submitters said yes (91 percent). The common ways they identified this could happen included: • Direct financial support (67 percent) • Job creation (17 percent) • Providing more retraining/education/upskilling (12 percent)	• Advice has been provided to you on this (BRF-5302) • Relevance for CCC recs #9, 10
Approach to ERP1	
82 percent of submitters who provided a view did not support the approach to ERP1. The main reason was concern that it would result in an ERP1 that was not sufficient to meet EB1, or the flow-on effects would impact on the ability to meet EB2 (53 percent); there was a sense of "losing momentum" in submitters' comments. Aside from sufficiency, submitters identified other key impacts of the changed approach: • Social impacts (such as increasing inequality) (30 percent) • Economic impacts (such as increased costs to households) (28 percent) • Negative effects on New Zealand's international reputation (20 percent)	• Advice has been provided to you on this (BRF-5025) • Consideration to overall sufficiency of ERP1 to meet EB1 and future emissions budgets

In multiple places across the discussion document submitters commented on the specifics of three ERP1 policies and requested these are kept, or something similar brought into ERP2: • The Climate Emergency Response Fund – 43 submitters • Government Initiative for Decarbonising Industry – 83 submitters • Clean Car discount or similar – 214 submitters.	
Additional sectors/areas to cover in ERP2	
Just under 500 submitters had views on additional sectors/policy areas that should be included in the final ERP2. These included: • The "Built Environment" (42 percent), which can be further broken down into: - The building and construction industry (38 percent) - Policies to make homes more energy-efficient, with support for methods such as insulation, double glazing, switching to energy-efficient appliances (36 percent) - Focusing on urban form and planning (for example interconnections between public transport, roading and housing, street planning to incentivise active transport) (21 percent) - Strengthening building codes/standards to require more energy-efficient and adaptive building design and construction (20 percent) • A Research, Science, Technology and Innovation chapter– especially given the prominence of emerging technologies as features of ERP2 (14 percent). • Some kind of overarching methodology to better coordinate and integrate mitigation efforts across sectors, and ensure efforts and actions are mutually reinforcing and do not unintentionally undermine each other (16 percent).	• Consideration of overall coverage of ERP2 – discussion with other relevant Ministers about including new chapters. • Approach to implementation and monitoring of ERP2

Ministry for the Environment
Manatū Mō Te Taiao

Appendix 3: Climate Change Youth Advisory Group (YAG) submission

Kia ora,

We are submitting this feedback on the ERP2 as the Climate Change Youth Advisory Group (YAG) for the Ministry for the Environment. We are a diverse rōpū of rangatahi based all across Aotearoa. With expertise spanning across activism, economics, urban planning, policy writing, environmental protection, forestry science, community service, and community mobilising spaces - we trust this feedback is strongly reflective of the thoughts held by the communities we serve.

This submission accompanies notes already submitted at the recent in-person workshop that the YAG attended in Pōneke.

This submission is split up into 5 main sections:

- Introduction to the YAG
- Guiding Principles for Climate Policy
- Responses to the 6 overarching questions

Our rōpu is made up of: *[names redacted]*

Guiding Principles for Climate Policy

We believe that climate policy can not sit in isolation, and must work with a number of mechanisms in order to be truly effective. In order to support this, we want to share a variety of guiding principles that we as rangatahi believe should be reflected in ERP2, as well as other climate policies in Aotearoa.

1. Indigenous Mātauranga and Wisdom

Te Tiriti o Waitangi promises Māori the right to have their taonga protected. This extends to the land, waters, and sky that sits within Aotearoa. The United Nations Declaration on the Rights of Indigenous People also declare:

"Indigenous peoples have the right to maintain and strengthen their distinctive spiritual relationship with their traditionally owned or otherwise occupied and used lands, territories, waters and coastal seas and other resources and to uphold their responsibilities to future generations in this regard."

It's in this vein, that we believe methods of kaitiakitanga in Aotearoa should consider holistic and spiritual relationships that Māori have with the land, water and sky. Using Mātauranga Māori as a guiding principle for taking climate action strengthens impact within climate action initiatives, such as ERP2. **Te Mana o Te Wai** and its implementation is one example of this in practice.

Elevating Pacific Indigenous Voices

Climate change affects every sector globally, with the Pacific being particularly vulnerable. For centuries, Pacific people have utilised natural materials to address environmental challenges, ensuring the survival of their islands. Pacific Indigenous knowledge is vital to

solving the climate crisis, and it must be prioritised and valued in all climate decision-making processes.

Responses to overarching 6 questions

01	*What do you think is working well in New Zealand to reduce our emissions and achieve the 2050 net zero target?*
MfE YAG	The MfE Climate Change Youth Advisory Group ultimately believes that New Zealand is not "working well" to reduce our emissions. Specifically, what is not working well is the nonchalance that the Government has adopted towards climate change. This is apparent in their maladaptive actions such as the ERP2, the push for the "Fast-track Approvals Bill", the Resource Management Amendment Act, discontinuing half-price public transport, and reducing local council cycleway development funds. Additionally, there appears to be an over-reliance from the Government on future technologies to reduce emissions, which we believe is far too optimistic on the progression and abilities of technology. However, some actions that New Zealanders are doing to help us reach our goal are increasing renewable energy sources; restoring and protecting indigenous habitats such as forests and wetlands; regenerative farmers are trying innovative new methods and switching to plant-based agriculture to reduce their emissions; local activists are establishing community gardens and waste management systems to reduce emissions and waste in their areas. Ordinary people and non-governmental organisations are the ones in this country pulling the weight on emissions reduction. But it must be the Government's role to lead and support the path to effective emissions reduction, instead of actively hindering emissions reduction, for example, by reopening oil and gas exploration.
02	*What are the key advantages/disadvantages to taking a net based approach?*
MfE YAG	The advantage of a net-based approach is that our country's emissions do not need to reach complete zero as some sequestration can occur to remove our emissions. However, in this instance, the disadvantages outweigh the advantages. It is apparent in the ERP2 that an overreliance on carbon sequestration is occurring rather than pushing for the needed large reduction in emissions. The aim of the ERP2 should be to stop the emissions at the source by changing our way of life, not stating that carbon capture technologies (which have not even been proven to work at a large scale yet) will come in to rescue us eventually. A net-based approach, where we continue to pollute, produce and grow as much as possible, all while exploiting more resources to create carbon capture technology to balance out the damage, will not be successful in stopping climate change as the planet physically cannot support this - we have already breached planetary boundaries and we cannot continue to exist outside of the safe operating space for humanity.

03	*What opportunities are there for Māori and iwi-led action to reduce emissions that could benefit from government support?*
MfE YAG	To begin with, the Government must start respecting and listening to current Māori led environmental initiatives, respecting te tino rangatiratanga of Māori, and their sovereignty over their taonga which includes their lands and waters. That looks like handing back land which was unjustly taken through force or deception, and improving, at the very least, co-governance procedures. Then Crown can support Iwi to build capacity to manage emissions. Additionally, Iwi tend to have 100 year plans in place, the Government should emulate this strategic view rather than focusing on the short 3-4 year terms that they currently work with.
04	*Do you agree that the Government should continue to use the NZ ETS as a key tool to encourage emissions reductions, stay within budgets and achieve the 2050 target?*
MfE YAG	The Emissions Trading Scheme does not achieve its goal when it is so heavily subsidised by the government, and when agriculture is not included in it. Currently, 53 percent of emissions in this country are from agriculture, so the exclusion of agriculture from the ETS strips the scheme of any kind of consistency and credibility. The ETS could be effective when implemented in conjunction with a rapid, robust and incentivised shift from private vehicles to public transport, from fossil fuel generation and expansion to renewables, and from animal agriculture to plant-based agriculture. But a reliance on market mechanisms primarily or alone will not prove effective in reducing emissions. The consultation document states “There is a risk that from the mid-2030s onwards, the NZ ETS may not encourage enough reductions or removals to achieve and sustain net zero for subsequent years.” To achieve the 2050 target, we should move away from an ETS based approach and focus on ways to empower a degrowth based economy.
05	*What other sectors/areas do you think have significant opportunities for cost effective emission reductions?*
MfE YAG	We take issue with the question’s request for ‘cost-effective’ solutions. The climate crisis inevitably will not be cheap to mitigate or fix as proper climate policy will require huge amounts of funding and investment. This is justified given the large cost to Government and communities that will occur each time that we have to recover from repeated, climate change driven, weather disasters. Construction - the materials currently used by the construction industry, such as concrete and metals, create high amounts of emissions when being produced. Low-carbon development should be researched and investigated such as using engineered wood. Rural communities - these communities often only have transfer stations where waste is often shipped onwards to a landfill, increasing the cost for a low-socioeconomic community. Since rural communities are so isolated, transport

	emissions could be considered worse than building a sustainable landfill near the community. Conservation/biodiversity - old growth forests and wetlands are far better at sequestering carbon compared to agricultural or commercial forestry land. We should be focusing on the restoration and preservation of existing areas, as well as making sure large efforts are being made to extend these areas. Fashion/imports - the current levels of emissions and waste from the fashion industry are unacceptable. New Zealand should lead in rejecting mass fast fashion production as an ethical means of emissions reduction. Lastly, Agriculture - we are aware that agriculture is already an industry addressed in the ERP2; however, we believe that not enough attention has been given to it considering the amount of emissions that it produces. Herd numbers must be reduced and farmers must be encouraged to take more sustainable approaches to their jobs because the level of emissions that this industry produces cannot be counteracted by relying on producing anti-methane vaccines or special feed.
06	*What feedback do you have on the seven key areas?* • *Target **10,000 EV chargers** by 2030* • *Deliver **Electrify NZ** to help achieve our goal of doubling renewable energy* • *Investigate **carbon capture and storage*** • *Lower agricultural emissions by giving farmers the **tools** to reduce emissions and through **fair and sustainable pricing of on-farm ag emissions** by 2030* • *Better **public transport*** • *Investing in **resource recovery** through the Waste Minimisation Fund to reduce waste emissions* • *Improve organic waste and landfill gas capture*
MfE YAG	The document as a whole, on page 45, mentions a lack of data and evidence about climate risks. We know the risks of climate change. We understand the scale of the threat. A persistent thread throughout this document is that we must review data and do more research before taking action. We do not support this approach. We know enough about climate change to know it is an existential threat.

Mauri ora

[Name and contact details redacted]