



Hamilton City Council Submission

**New Zealand's Second
Emissions Reduction Plan
(2026–30) Discussion
Document (July 2024)**

Ministry for the Environment

23 August 2024



Improving the Wellbeing of Hamiltonians

Hamilton City Council is focused on improving the wellbeing of Hamiltonians through delivering to our five priorities of shaping:

- **A city that's easy to live in**
- **A city where our people thrive**
- **A central city where our people love to be**
- **A fun city with lots to do**
- **A green city**

The topic of this Council submission is aligned to all of Hamilton City Council's five priorities.

Council Approval and Reference

This Council submission was approved under delegated authority by the Mayor and Deputy Mayor of Hamilton City Council on 23 August 2024.

Submission # 771

Key Messages and Recommendations

1. We support the Government's intent to create a credible and effective emissions trading scheme (ETS) in New Zealand. Pricing emissions appropriately can drive action whilst raising revenue to support complementary policies.
2. Council supports the Government seeking ways to remove barriers for private investment in emissions reduction action and also in the development of renewable energy.
3. We support the Government looking further at the role they can play in funding action through complementary policies to the ETS and reducing some of the upfront cost barriers for emissions reduction action.
4. Council recommends that in the final Second Emissions Reduction Plan the Government provides more detail on the expected role of local government, options for financing these obligations, and opportunities for partnership with Central Government.
5. Council also recommends that the Government acknowledge the impact of land use planning and the important influencing role that it has on emissions, especially transport and emissions within the built environment.
6. Council encourages the Government to take action in a sustainable and affordable way and to look broadly at the potential costs of the proposed approach. It is important to consider the long-term costs of delaying the transition, especially in areas like transport where we know it takes time to set the foundations for future emissions reduction.
7. Council also encourages the Government to consider a stronger focus on reducing emissions from transport through supporting active travel, introducing a range of policies to improve electric vehicle uptake, supporting greater investment in public transport, and integrating emissions considerations into transport funding decisions.
8. Council agrees with the Government that reducing emissions requires the Government, businesses, and the community to act and we look forward to working with the Government to achieve the emissions budgets.

Introduction

9. Hamilton City Council welcomes the opportunity to make a submission to the Ministry for the Environment on **New Zealand's Second Emissions Reduction Plan (2026–30) Discussion Document (June 2024)**.
10. Hamilton City Council adopted its climate change strategy, **Our Climate Future: Te Pae Tawhiti of Kirikiriroa**, in August 2022 ([refer here](#)). The Council's strategy outlines our vision to be low carbon and resilient to climate change, with a focus on reducing emissions, adaptation planning and creating sustainable neighbourhoods.
11. Our climate change strategy has guided the points we have raised in this submission, including how we see the proposed approach of the Second Emissions Reduction Plan (ERP2) supporting or hindering our ability to be a thriving, low-carbon city.
12. As an urban council our emissions profile looks quite different to that of the country. In Hamilton Kirikiriroa transport makes up 64% of our [emissions profile](#), therefore the key areas for emissions reduction for our community are around how we grow, how we move around the city and also the affordability of the transition.
13. Council and its communities are at the frontline of climate change mitigation and adaptation and will bear the brunt of its impacts. We encourage the Government to account for the distributional impact and cost of its climate policies on local government, and where appropriate provide funding.
14. Overall, Council is concerned with the risks associated with relying on technology improvements, which are often not yet available, and wants to emphasise the need for better collaboration and partnership between central and local government to ensure that there is stronger coordination.
15. This submission is structured by the key areas of the July 2024 ERP2 discussion document:
 - **Setting up New Zealand to Achieve Net Zero**
 - **Strengthening the Emissions Trading Scheme**
 - **Funding and Financing**
 - **Energy**
 - **Transport**
 - **Electric Vehicles**
 - **Public Transport**
 - **Heavy Vehicle Decarbonisation**
 - **Active Travel**
 - **Funding**
 - **Non-Forestry Removals**
 - **Waste**
 - **Addressing Distributional Impacts**
 - **Key Areas for Further Consideration in ERP2**
 - **Further Information and Opportunity to Discuss our Submission**

Setting up New Zealand to Achieve Net Zero

16. Council encourages the Government to focus on setting New Zealand up to achieve the 2050 target of net zero in ERP2. Whilst we acknowledge that modelling is challenging, the gap of 17MtCO₂-e for emissions budget three is significant, and we encourage the Government to look at actions to minimise this.

17. As Dr Rod Carr, Chair of the Climate Change Commission states, the net-based approach risks our ability to achieve our targets¹ and will likely result in a more expensive transition to a low-carbon economy. Whilst sequestering carbon does have an important role in achieving and maintaining net zero, we recommend that the Government has a stronger focus on reducing gross emissions. Reducing gross emissions is the only sure way to permanently avoid those emissions being released into the atmosphere and will support the transition to a low-carbon future for our communities, businesses, and economy.
18. Council understands the desire to have a least-cost approach to achieving the emissions budgets and targets. To do this we suggest that all costs need to be considered within the approach, which includes the need to purchase offsets, the health costs, the costs of adaptation and the potential economic impacts, especially around export industries.
19. Council also understands, through the consultation, that the ERP2 isn't proposing to be as comprehensive and include all actions like the First Emissions Reduction Plan (ERP1) did. Prioritising actions and making the plan achievable makes sense, however, we are concerned that there are many other policies and decisions being made that will increase emissions that are not being recognised. To reduce this risk, there would be benefit in all relevant Ministers having responsibility for achieving emissions budgets and targets and not just the Minister for Climate Change having that responsibility.

Strengthening the Emissions Trading Scheme

20. Council supports the continued focus on market credibility of the New Zealand Emissions Trading Scheme (NZ ETS). It should be an important tool to drive emissions reductions across the economy. We are supportive of the advice provided by the Climate Change Commission to the Government regarding how the Government can provide certainty and credibility within the NZ ETS.
21. We are concerned that by keeping forestry as a key sector in the ETS the price of NZ ETS units will remain too low and as a result won't drive the gross emissions reduction required within the economy, especially within the energy sector and industrial processes. To ensure that projects to reduce emissions are economically viable, the price of carbon needs to be greater than the low-modelled costs of between \$50 and \$75 outlined in the discussion document.
22. We would support a greater focus in the ERP2 of the impact the NZ ETS has on community wellbeing and the inclusion of appropriate complementary policies.

Funding and Financing

23. Council supports the Government wanting to address barriers to private investment in reducing emissions across sectors and within communities and notes that both Government and private investment will be required to achieve the emissions budgets and 2050 targets.
24. The revenue generated from the NZ ETS should be separated from general revenue and used to support the development of the low-carbon economy. This is a core way that the Government can support the required investment in emissions reduction action.
25. The current approach to addressing emissions reductions lacks consistency across legislation and policy. A clear alignment across the whole of government is required to give the private sector certainty for investment. The inconsistent approach undermines the ability of businesses to plan for emissions reduction action and for councils to play their part in achieving the targets.
26. Council supports the statements in the LGNZ submission that the Government should consider exploring new funding and financing tools. In addition, Council would also support the Government exploring how

1. Climate Change Commission, July 2024, Assessing progress towards meeting Aotearoa New Zealand's emissions budgets and the 2050 target <https://www.climatecommission.govt.nz/our-work/monitoring/emissions-reduction-monitoring/erm-2024/>

reducing emissions can be integrated into other funding and financing initiatives underway, for example through city-regional deals.

Energy

27. Council supports the intent of Electrify NZ to ensure that there is sufficient renewable electricity available as we transition from other fuel sources. We encourage the Government to work with local government on the details of Electrify NZ and the rollout of renewable energy needs within regions. It is important that the rollout of renewable energy is aligned with land use planning and that the role of rooftop solar installations and batteries is also considered by Electrify NZ.
28. Energy efficiency is an important pillar of emissions reduction. It should be a key part of reducing emissions as it will directly impact the need for investment in more renewable electricity and the associated embodied carbon of new infrastructure. More detail is needed on what the Government is proposing in this area.
29. Investing into energy efficiency and electrification of households and industry should be a key area for investing revenue from the NZ ETS to support the costs of energy efficiency and the switch to electric equipment, vehicles, and appliances. This could include supporting industries and people most impacted by the increased costs in energy.
30. We recommend that the Government reconsiders some of the actions that have been discontinued from ERP1, specifically:
 - a) Provide rebates for energy-efficient equipment.
 - b) Continue the rollout of the Government Investment in Decarbonising Industry (GIDI) fund.
 - c) Fund further decarbonisation of industry and heat through expansion of the GIDI fund.

Transport

31. Council notes that the discussion document outlines that forestry will contribute 40% to the second emissions budget and transport will be less than 2%. Transport presents an opportunity for significantly more gross emissions reduction than is being proposed.
32. Notwithstanding the intent of the Transport policies in the ERP2 discussion document, Council is concerned by the lack of detail and direction in the actions to support the important roles councils play, such as being an active facilitator for EV charging.
33. To compliment the market-based approach in the ERP2, more work needs to be done to ensure that the climate change direction is being met with appropriate, reliable, and stable funding sources for local government. We are concerned that the Government Policy Statement on Land Transport 2024-2034 (GPS-LT 2024) is going to significantly impact our ability to reduce emissions. Council would like to see the final ERP2 reflect reliable, consistent, and equitable funding sources and clearer direction on the role councils play in transport, to ensure that we can continue to invest in and provide the right tools for the needs of our city and community.
34. We agree with the LGNZ submission that emissions reduction should remain a focus for transport as there are significant opportunities for gross emissions reduction, especially in the light and passenger vehicle area. Shifting to low-emissions vehicles, increasing use of public transport, and shifting to active modes would have significant impacts for transport emissions in Hamilton.
35. From reducing barriers to electric vehicle chargers and delivering better public transport, local government is in a position to support the Government to maximise the emissions reduction value of every dollar spent and bring positive co-benefits.

Electric Vehicles

36. We are concerned with the single focus on transitioning the light vehicle fleet, the largest proportion of emission type for transport 62.8%, to electric vehicles (EV). Recent data from the Ministry of Transport

has shown a 26% reduction in EV registrations in the Waikato compared to 2022/2023. This reduction in EV registrations could be improved by having complimentary policies that incentivise EV purchases to ensure that the co-benefits are going to be realised such as cleaner air and public health.

37. The plan to supercharge EV infrastructure is a commendable step to reduce transport emissions. In the Waikato Region, we have been working with stakeholders to develop and implement a regionally consistent and enabling approach to EV charging infrastructure. Council is concerned that by taking a solely market approach to provide the infrastructure, many communities in the city and the Waikato Region would likely be left out of such a process due to not being in a “commercially viable location”. Our collaborative regional work identifies an opportunity to obtain EV charging installations in locations that might otherwise be overlooked, but that would provide an important facility for a wider rural area, or economic rejuvenation when considering proposals from EV charging suppliers.
38. We are part of a wider Waikato EV network that has done a lot of work to establish the process for chargers to be installed on public land by private companies. Council has also determined the role to be an ‘Active Facilitator’. We recommend that any work in this space acknowledges existing processes and the opportunity for central and local government to partner on this to ensure that there is a strategic approach to delivering EV charging infrastructure.

Public Transport

39. Integrating public transport (PT) with housing and land use planning is crucial to maximising efficiency and delivering a high-functioning transport system at the least cost to New Zealanders. Council has undertaken a significant amount of work over the last 5 years to start the transition to a more frequent and reliable PT network and Transit Orientated Development (TOD) through our work on the Hamilton - Waikato Metro Spatial Plan (MSP) and its core component of Bus Rapid Transport (BRT). This work requires significant planning and investment to ensure the network transitions effectively to meet future demand, as per the EV charger rollout.
40. Council is concerned with the underinvestment in PT in key urban areas such as Hamilton and our Future Proof sub-region. The 5 projects listed for Auckland and Wellington do nothing to address this in other major urban areas. The opportunity to create the infrastructure as Hamilton grows will be missed.
41. Providing quality PT is a powerful way to reduce emissions, congestion and subsequent poor air quality. Increased bus frequencies also increase access to jobs. This increased transport choice can unlock further productivity and economic growth benefits.
42. The lack of accountability around emission reductions for new transport projects is concerning and does seem to be misaligned with recent GPS-LT 2024 directives.
43. The connection between the ERP2 and GPS-LT 2024 needs to be stronger to ensure that Hamilton can build on the work that's already been made and prioritise and fund projects that will improve the reach, frequency and quality of public transport, and realise the co-benefits which will also help make it more affordable for low-income New Zealanders and reduce any financial burden on households.

Heavy Vehicle Decarbonisation

44. The impact of heavy vehicle decarbonisation on road maintenance is an ongoing challenge for councils and the New Zealand Transport Agency (NZTA). A transformation of the heavy vehicle fleet from combustion to electric will need to consider the additional weight and impacts on road surface conditions of local roads and state highways.
45. We note that NZTA has researched the relationship between vehicle axle loadings and pavement wear on local roads and found that when axle loading is doubled, vehicles do 16 times more damage to roading networks, resulting in increased road maintenance expenses to councils and more pressure on ratepayers if not appropriately supported by central government.

Active Travel

46. We believe that the active travel modes of walking and cycling offer considerable benefits for an urban environment. Such modes not only significantly reduce emissions at least cost, but they also reduce road

trauma, improve air quality, and improve overall health outcomes. We therefore encourage the Government to provide greater emphasis to such travel modes in the final ERP2.

47. In the Hamilton context, half of vehicle trips made within the city are under 5km, 18% are under 2km, and 4% are less than 1km. There are 400,000 trips made daily in our city, meaning that there are 72,000 and 16,000 trips made daily under 2km and 1km respectively². Active travel modes would be one way for people to move around our city over these short distances where appropriate.

Funding

48. There needs to be a pragmatic approach taken with the direction of the ERP2 for appropriate levels of funding for maintenance and renewals either through the RLTP-NLTP under the GPS-LT 2024 or alternative funding such as the revenue from the NZ ETS.

Non-Forestry Removals

49. Council supports the focus on nature-based solutions, especially in building our resilience to climate change. Council has a commitment to restoring native biodiversity in Hamilton through our **Nature in the City Strategy** ([refer here](#)). We have committed to restoring our gullies and increasing our native vegetation.
50. We note the Government's interest in recognising non-forestry sequestration opportunities. We are supportive of these where they are complementary to gross emissions reduction actions and have the dual benefit of building climate change resilience.
51. The proposal to develop a decision-making framework as to when non-forestry removals can be recognised would be a positive next step. We would support Central Government engaging with local government in the development of the options for what mechanism(s) would be best to incentivise the different forms of sequestration.
52. As the effective management and restoration of wetlands and peatlands has the potential to contribute to carbon sequestration, we have a specific interest in gaining a better understanding of how these could be incentivised in the appropriate areas.

Waste

53. In Hamilton more than 50% of total waste going to landfill is from construction and demolition. We continue to work with and educate the sector about keeping that waste out of landfill and in circulation. There is an opportunity for Central Government to support the diversion of construction and demolition waste through waste minimisation plans.
54. Council finds that the ability to use the waste minimisation levy funding to engage with local businesses and educate our residents about the reduction of waste is essential and Council takes a holistic view when looking for the best approach to this for the city.
55. Council supports Central Government providing funding where it has mandated activities or where there are national benefits. However, Council is concerned that the recent changes to extend the focus of the waste minimisation fund to areas outside of waste will reduce the effectiveness of the fund and limit investment in the sector.
56. The discussion document is silent on the NZ Waste Strategy and the role of the circular economy in achieving the emissions budgets and targets. The circular economy has the potential to deliver emissions reduction within the waste sector as well as influence other areas by reducing the need for new raw materials. We recommend that the Government reconsider the removal of the following actions from ERP1 and reinstate them in ERP2:
 - a) Develop a circular economy and bioeconomy strategy.

² Source: *Hamilton City Council Data using Bluetooth Traffic sensors in 2022.*

b) Support businesses moving to circular economy models.

57. Council also supports the Government looking at extended producer responsibility schemes to drive greater recovery of materials, especially as we transition to a more electrified society.

Addressing Distributional Impacts

58. Council acknowledges that understanding the distributional impacts of achieving emissions budget two is hard when the policies aren't fully formed and that the preliminary modelling can only provide a high-level assessment of the impacts.
59. Council recommends that the Government look at the cumulative impacts to communities and sectors and how ERP2 as well as the physical impacts of climate change will affect vulnerable communities.
60. Council is concerned with the removal of the work programmes from ERP1 on equitable transition and just transition will mean that the risks from the impacts of the policies in ERP2 will not be well understood or addressed. The principle of a just transition should be integrated into the finalisation and implementation of ERP2.

Key Areas for Further Consideration in ERP2

61. It would add value to the final ERP2 if the role of local government and the importance of the alignment and relationship between tiers of government are included. We feel that the costs that will fall on local government and hence ratepayers as a result of the policies could be acknowledged. In ERP2 the Government could consider outlining the expectations of local government for delivery and potential mechanisms that local government can use to fund this responsibility.
62. The way we grow and develop our urban areas will have a direct impact on greenhouse gas emissions. We encourage the final ERP2 to acknowledge the importance of land use planning in achieving our long-term emissions targets. The interaction between transport and land use and housing outcomes could also be given greater focus.
63. The Building for Climate Change programme has started the process of looking at the whole of life of buildings and this work should be continued. There is so much opportunity to reduce both embodied and operational emissions through taking a whole-of-life approach.

Further Information and Opportunity to Discuss our Submission

64. Should the Ministry for the Environment require clarification of the submission from Hamilton City Council, or additional information, please contact **Charlotte Catmur** (Sustainability and Climate Change Manager) on **07 838 6538**, or email charlotte.catmur@hcc.govt.nz in the first instance.
65. Hamilton City Council representatives would welcome the opportunity to discuss the content of this submission in more detail with the Ministry for the Environment.

Yours faithfully



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