



greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

If calling, please ask for Democratic Services

Climate Committee

Tuesday 24 March 2020, 10.15am
Waiwhetu Marae, 21 Puketapu Grove, Waiwhetu, Lower Hutt

Members

Cr Nash (Chair)

Cr Lee (Deputy Chair)

Cr Brash

Cr Connelly

Cr Gaylor

Cr Kirk-Burnnand

Cr Laban

Cr van Lier

Dr Maria Bargh

Recommendations in reports are not to be construed as Council policy until adopted by Council

Climate Committee

Tuesday 24 March 2020, 10.15am

Waiwhetu Marae, 21 Puketapu Grove, Waiwhetu, Lower Hutt

Public Business

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Note: A pōwhiri to welcome the Climate Committee to Waiwhetu Marae will be held at 9:30am

Climate Committee
24 March 2020
Report 20.87



For Decision

STRATEGIC PRIORITIES FOR THE CLIMATE COMMITTEE

Te take mō te pūrongo

Purpose

1. To inform the Climate Committee (the Committee) on the:
 - a Status of the climate change work programme
 - b Current strategic framework for climate change,which will enable the Committee to determine its strategic priorities for the 2019—22 triennium.

He tūtohu

Recommendations

That the Committee:

- 1 **Notes** the current status of the climate change work programme.
- 2 **Notes** the current strategic direction for climate action as outlined in the Greater Wellington Climate Emergency Response Programme.
- 3 **Considers** the contributing elements to the Climate Committee's proposed strategic priorities for the 2019—22 triennium (paragraphs 2 to 28).
- 4 **Agrees** that the Climate Committee's strategic priorities for the 2019—22 triennium are *either*:
 - a Option One - Corporate activities (paragraphs 33 and 34)
 - b Option Two – Regional role (paragraphs 35 and 36) *or*
 - c Option Three – Outcomes (paragraphs 37 and 38) [Preferred].
- 5 **Notes** that performance measures for these strategic priorities will be developed and reported back to the Climate Committee's meeting on 23 June 2020.

Te tāhū kōrero

Context

2. Climate change is arguably the biggest environmental challenge New Zealanders have ever faced and it affects everyone in the region. It is impacting our region's indigenous biodiversity, primary industries, biosecurity, fresh water security and wildfire incidence. Our coastal, low-lying and flood-prone communities and infrastructure are

already being impacted. Rural and urban economies and communities in the Wellington Region will be more adversely affected as time goes on.

3. The majority of our communities are vulnerable to the impacts of climate change. Most of our urban centres are located, and the majority of our population live, on the coast or on the floodplains of our major rivers. Our communities and the built environment are exposed to flooding, sea-level rise, storm surge and inundation from rising ground water levels.
4. While climate change impacts affect us all, the population is not affected equally. While the coastal zone is home to some of our most wealthy communities, there can be inequitable access to protection or other compensatory remedies across poorer communities.
5. Mana whenua are disproportionately impacted by the changing climate, with their economic interests predominantly in the agriculture, forestry and fishing sectors. These industries that will be impacted by the effects of climate change as well as affected by climate change and resource management regulations. Additionally, their traditional tribal lands (e.g. marae and urupā) are disproportionately located in coastal and/or flood prone areas, with limited options for retreat.
6. Under the Local Government Act 2002, the Resource Management Act 1991 (RMA) and other legislation, local government is responsible for a range of functions that will be affected by climate change. For Greater Wellington, these functions include environment management, flood protection and land management, provision of regional parks, public transport planning and funding, and metropolitan water supply.
7. Particularly important are infrastructure and developments that will need to cope with climate conditions in 50 to 100 years' time. Examples include water supply systems and the public transport infrastructure traversing low-lying land already subject to flood risk.
8. In 2019, Local Government New Zealand reported on the quantum of local government infrastructure exposed to sea level rise. At the one metre increment estimates \$320 million of local government-owned infrastructure in the Wellington Region would be exposed.

The need for change

9. There is a need for transformational change to reduce greenhouse gas emissions, while also adapting to the impacts of climate change. The change is needed to limit the impacts of climate change and reduce the damage it will bring to our people and places. This transformational change needs to start now. If we continue to take an incremental approach, our exposure to climate risks around the region will only increase and eventually become too expensive for councils (i.e. ratepayers) to manage.
10. There will be challenges, but there will also be opportunities to deliver a cleaner and more resilient environment, both now and in the future, while ensuring solutions are fair and equitable. Greater Wellington has a leadership role to play in shaping this just transition to a low emissions economy.

11. We have an opportunity to be guided by mātauranga Māori in our work and to advance natural solutions. For example, restoring and enhancing coastal wetlands will not only increase the resilience of our land to tidal storm surges, it also provides habitat for biodiversity, including some of our most threatened species, while also storing carbon.

Committee's terms of reference

12. The terms of reference for the Committee were adopted on 12 December 2019 (Committee and advisory body terms of reference and delegations for the 2019-22 triennium - Report 19.504).
13. The purpose of the Committee is to “oversee and inform the development and review of Council’s strategies, policies, plans, programmes and initiatives from a climate change perspective”.

Greater Wellington Climate Emergency Response Programme

14. Council declared a climate emergency in August 2019. This decision responds to the urgency climate change presents and encourages a step change in how Greater Wellington addresses climate change, both corporately and in how it uses its influence in the region.
15. In order to demonstrate Council’s commitment to changing the status quo, the decision was strengthened by Council adopting two ten-point action plans - a Corporate Carbon Neutrality Action Plan and a Regional Climate Emergency Action Plan. These action plans are collectively referred to as the Greater Wellington Climate Emergency Response Programme (the Programme). The Programme will drive the changes needed to implement the action plans within Greater Wellington, with support from our Project Management Office.
16. The Corporate Carbon Neutrality Action Plan includes a target to reduce Greater Wellington’s corporate carbon emissions to net zero by 2030, and a pathway to meet this target. This target was developed at a workshop attended by Councillors, executive leadership, management and officers. The idea was to gain consensus on a target at all levels in the organisation, reflecting the importance of the issue and that it requires a ‘whole of organisation’ response. It was unanimously agreed at the workshop that Greater Wellington needs to demonstrate leadership by reducing corporate emissions if we are to have influence at a regional level.
17. The Regional Climate Emergency Action Plan supports activities to reduce emissions from the region as a whole and improve our resilience to the effects of climate change which are now unavoidable for the region.
18. We have provided a status report on progress with the Programme ([Attachment 1](#)). The overall status of the Programme is on track; though, given its scope, we need to continue to be deliberate with resourcing. By agreeing to its strategic priorities for the 2019—22 triennium, the Committee will be able to judge progress and to provide direction to the Programme on the desired focus, as required.

Greater Wellington's climate change strategy

19. Greater Wellington has had a climate change strategy and implementation plan in place since 2015. The strategy has the following strategic objectives:
 - a Objective one - Mitigation
Greater Wellington will act to reduce greenhouse gas emissions across all its areas of influence, including its own operations, helping to create the conditions for a smart, innovative, low-carbon regional economy
 - b Objective two - Adaptation
Risks from climate change-related impacts are managed and resilience is increased through consistent adaptation planning and actions based on best scientific information
 - c Objective three – Awareness
Community awareness of climate change mitigation and adaptation solutions increases, and organisations and individuals know what they can do to improve the long-term resilience and sustainability of the region.
20. The 2018 review of the strategy and implementation plan found all related actions have been progressively implemented. While progress has been made in some areas, there are additional processes needed to mainstream climate action into all aspects of our work.
21. It is well recognised that our response to climate change must underpin all of our work and will require changes to the way we work. The Health and Safety at Work Act 2015 changed the way that we incorporate health and safety into decision making and activities across the business. Similarly, we need to genuinely integrate climate action into our decision-making framework, and we are currently working on a review of our *Climate Change Consideration Guide*, which informs Council's decision-making.
22. The 2015 strategy has now largely been replaced by the Programme. One of the action points in the Regional Climate Emergency Action Plan is to revise Greater Wellington's climate change strategy. The strategic priorities agreed to by the Committee will support the review of this strategy.

Emerging direction

23. The Government recently enacted the Climate Change Response (Zero Carbon) Amendment Act 2019 (the Zero Carbon Act). The Zero Carbon Act provides a framework by which New Zealand can develop and implement clear and stable climate change policies that:
 - a Contribute to the global effort under the Paris Agreement to limit the global average temperature increase to 1.5° Celsius above pre-industrial levels
 - b Allow New Zealand to prepare for, and adapt to, the effects of climate change.
24. The Government is aligning land-based sector work programmes to ensure our natural resources are used sustainably. The Government's goals are focussed on taking a new approach to the Crown/Māori relationship for fresh water, restoring freshwater and waterways and sustainable high-value land use. This approach recognises that our

land-based sectors comprise a significant proportion of the economy and are also at the heart of environmental issues such as water quality, climate change and biodiversity.

25. The Government is currently carrying out a comprehensive review of the RMA with a goal of addressing climate change issues that will increase local government's limited role in both mitigation and adaptation. Other RMA reforms underway, (including the freshwater reform referred to above, urban development and indigenous biodiversity) will impact our regional climate action. The Ministry of Business, Innovation and Employment is working on accelerating renewable energy and energy efficiency which also includes RMA reform. The Government is also reforming the NZ Emissions Trading Scheme.
26. From the transport perspective, Greater Wellington is accelerating the decarbonisation of the public transport vehicle fleet. By June 2023, there will be 100 electric buses in the fleet. The next phase of 'Let's Get Wellington Moving' was adopted by Greater Wellington in December 2019, along with the bus priority programme and the bus network review for Wellington City. These initiatives signal Greater Wellington's commitment to decarbonising the bus fleet, strengthening its focus on the development of mass transit and the implementation of bus priority measures through Wellington City, as well as the progressive implementation of enhanced bus services. The Regional Transport Committee has already agreed its priorities and targets to reduce transport-generated emissions and increase walking, cycling and public transport mode share.

Local councils and community pressures

27. Greater Wellington is taking on more responsibility vis-à-vis mana whenua and the territorial authorities in the region for climate action. Climate change issues vary among councils in the region, which are all at different stages in working up their programmes. The areas with the most obviously pressing issues outside of the Wellington CBD are Porirua City, Kāpiti Coast, Petone and Seaview.
28. There are an increasing number of concerned citizens in the region. In Wellington, climate strikes brought record numbers of people out to protest the lack of action being taken by the Government and other actors to slow climate change.

Te tātaritanga Analysis

Determining strategic priorities

29. In determining its strategic priorities the Committee should consider:
 - a Its own terms of reference and areas of specific responsibility (paragraphs 12 and 13)
 - b The scope of the Greater Wellington Climate Emergency Response Programme (paragraphs 14 to 22)
 - c The emerging direction from central government, local government, mana whenua and other communities (paragraphs 23 to 28).

30. The Committee's strategic priorities should sharpen its focus on specific areas for this triennium. These strategic priorities are not intended to be exhaustive and can be adjusted by the Committee, as required. To achieve the desired focus it would be advantageous to have a smaller number of strategic priorities rather than a long list that repeats the existing ten-point action plans.
31. We intend reporting against the agreed strategic priorities (by tracking progress against the performance measures) at each meeting of the Committee. This will enable members to judge progress and to provide direction on resourcing as required.

Nga kōwhiringa

Options

32. The strategic priorities have been considered through three key areas of focus:
 - a Corporate activities
 - b Regional role
 - c Outcomes.

Each of these options provide the opportunity for key performance indicators to be developed to measure progress.

Option One: Corporate activities

33. The following strategic priorities could be considered:
 - a Drive the change needed from Greater Wellington's activities to achieve our 2030 carbon neutrality target
 - b Ensure Greater Wellington's climate change adaptation response and strategy meets our obligations under the Resource Management Act 1991; to consider the effects of a changing climate on our communities; and incorporate climate action into existing frameworks, plans, projects and standard decision-making procedures. A climate change perspective must now be integrated into activities such as flood management, water resources, planning, building regulations and transport.
34. The corporate-focussed option would provide clarity and focus for the Committee on ensuring Greater Wellington reduces its own emissions as well as ensuring we meet our obligations under the RMA. The focus would be on our own operations, those aspects we have under our direct control, and those aspects that we can influence. This would provide our communities with clear messaging about what is important to this Committee and demonstrate leadership by getting our own house in order. It would also provide direction to Greater Wellington's officers on the framing and implementation of activities to maximise their contribution towards meeting the desired outcomes.

Option Two: Regional role

35. The following strategic priorities could be considered:
- a Lead the regional mitigation and adaptation response in consultation and collaboration with others, by developing Council's position on the principles of approach (kaupapa) and actions (tikanga) to address climate change and ensuring other Council committees are aligned
 - b Provide regional leadership in climate action through establishing strong relationships with central government and territorial authorities in the region to align action and develop good practice solutions.
36. This focus on taking a regional role would provide the Committee with a wider lens, and focus on the role of the Committee and Councillors in building relationships and providing leadership. This approach would provide the public with clarity on what Greater Wellington will do to progress the transition to a low emissions resilient region and takes advantage of Council's unique position to provide greater regional leadership on climate action. This would mean the Committee would not be focussed on the corporate emissions reduction plan; but with the climate emergency declaration and establishment of the Programme, this could be considered to be in hand. It may, however, be harder to drive the internal initiatives needed to get the desired results within the organisation.

Option Three: Outcomes

37. The Committee could select priorities that result in both corporate and regional outcomes. The following strategic priorities based on each set could be considered:
- a Drive the change needed in Greater Wellington's activities to achieve Greater Wellington's 2030 carbon neutrality target
 - b Lead the regional sector in climate action, by building relationships with central government, other regional councils and unitary authorities to promote dialogue and the exchange of ideas and good practice, to strengthen alignment with our national climate change obligations
 - c Develop Council's strategy and approach to regional mitigation, adaptation and the transition to a low emissions regional economy, ensuring that action is aligned across all Committees while also addressing our obligations under the Resource Management Act 1991.

Performance measures

38. Performance measures can be developed to assess the progress of these priority outcomes – this could be in the form of milestone reporting. The following key performance measures could be considered:
- a Setting an interim emissions reduction target for corporate emissions in 2021/22 to track progress against
 - b Greater Wellington holds a regional climate summit by October 2021
 - c Greater Wellington's regional mitigation and adaptation strategies are developed and adopted by Council by June 2022.

Preferred option

39. Option Three is the preferred option as it would:
- a Provide clarity and focus on progressing the transition to a low emissions organisation
 - b Take advantage of Council's unique position to provide greater regional leadership on climate action, and
 - c Position Council to work more collaboratively with central government by making a significant contribution towards meeting our national obligations under the Zero Carbon Act and our international obligations under the Paris Agreement.
40. This option would also provide our communities with clear messaging about what is important to the Committee, highlight the need to forge genuine partnerships with others to make progress on climate action, and demonstrate our ambition to support central government's desired outcomes for climate change. It would also provide direction to Greater Wellington's officers on the framing and implementation of activities to maximise their contribution towards meeting the desired outcomes.

Ngā hua ahumoni Financial implications

41. There are no direct financial implications from the matter for decision or this report. There may be financial implications over time as individual project analysis occurs, business cases are made and budget decisions taken. For the 2019—22 triennium, these will be considered during the 2021—31 Long Term Plan process.

Te huritao ki te huringa o te āhuarangi Consideration of climate change

42. The matter requiring decision in this report was considered by officers in accordance with the process set out in Greater Wellington's *Climate Change Consideration Guide*.

Mitigation assessment

43. Climate change mitigation assessments are not required for this report. Officers note that the options provided include elements that will reduce net greenhouses gases for the organisation and ultimately the region.

Adaptation assessment

44. Climate change adaptation assessments are not required for this report. Officers note that the options provided include elements that will improve adaptation planning across the region.

Ngā tikanga whakatau
Decision-making process

45. The matter requiring decision in this report was considered by officers against the decision-making requirements of Part 6 of the Local Government 2002.

Te hiranga
Significance

46. Officers considered the significance (as defined by Part 6 of the Local Government Act 2002) of the matters for decision, taking into account Council's *Significance and Engagement Policy* and Greater Wellington's *Decision-making Guidelines*. Officers consider that this matter is of low significance.

Te whakatūtakitaki
Engagement

47. Given the low significance of the matter for decision, officers considered that no related public engagement was required.

Ngā tūāoma e whai ake nei
Next steps

48. Once the Committee has determined its strategic priorities, officers will develop suitable performance measures to assess progress over time. These will be reported back for approval at the Committee's 23 June 2020 meeting.

49. At each subsequent Committee meeting, we will provide a report on progress against the agreed strategic priorities by tracking progress against the performance measures.

Ngā āpitihanga
Attachment

Number	Title
1	Climate Emergency Response Programme Status Report (March 2020)

Ngā kaiwaitohu
Signatories

Writer	Andrea Brandon – Programme Lead – Climate Change
Approvers	Tracy Plane – Manager Strategic and Corporate Planning Luke Troy – General Manager Strategy

He whakarāpopoto i ngā huritaonga Summary of considerations
<p><i>Fit with Council's roles or Committee's terms of reference</i></p> <p>The proposed strategic priorities address the Committee's purpose, as outlined in paragraph 12.</p>
<p><i>Implications for Māori</i></p> <p>The implications for Māori are addressed in paragraph 5.</p>
<p><i>Contribution to Annual Plan / Long term Plan / Other key strategies and policies</i></p> <p>The strategic framework provided by the existing Greater Wellington's Climate Emergency Response Programme and Climate Change Strategy is outlined specifically in the Context section, and forms the basis of determining the Committee's strategic priorities.</p>
<p><i>Internal consultation</i></p> <p>The Strategic and Corporate Planning team was consulted in the development of this report.</p>
<p><i>Risks and impacts: legal / health and safety etc.</i></p> <p>There are no identified risks relating to the content or recommendations of this report.</p>

Climate Emergency Response Programme Status Report (March 2020)

Corporate Carbon Neutrality Project

	Short description	Status	Progress
1	Develop carbon policy	On track	Policy being drafted
2	Ensure Chief Executive accountability with Key Performance Indicator	Complete	Appropriate Key Performance Indicator in place for 2019/20 Needs consideration for 2020/21 and outyears
		On track	
3	Investigate renewable electricity supplies	On track	Work is underway
4	Accelerate Electric Vehicle bus fleet	At risk	Previous goal is behind schedule. A revised goal has been agreed and additional electric buses are scheduled to enter the fleet
5	Adopt target for fully electric Greater Wellington vehicle fleet	On track	Electric Vehicle First Policy in place. Optimisation strategy underway
6	Investigate off road Electric Vehicle supply	On track	Research underway, suitable vehicle supplier dependent
7	Accelerate parks reforestation	At risk	Preliminary work underway but requires clear direction from new Draft Parks Network Plan and significant funding, plus partnerships with others agencies
8	Phase out grazing in parks	At risk	Direction on track through new Draft Parks Network Plan, but implementation dependent on timing and funding
9	Align Council Controlled Organisation targets	At risk	Letters of expectation sent – status uncertain
10	Establish low carbon acceleration fund	On track	Design on track, interim funding for 2020/21 Annual Plan by loan agreed. Proposed design being considered by Climate Committee; then to Council for approval

Regional Climate Emergency Project

	Short description	Status	Progress
1	Establish governance for climate change	Complete	Climate Committee established
2	Ensure Climate Change impacts analysis	At risk	Need to review tools and build capability and capacity across business which is going to take time and resources, tools are currently being developed
3	Review strategy and assign General Manager champion	On track	General Manager Strategy is the Programme Sponsor. The new direction, set through the two ten-point plans, will provide components of a revised overall strategy
4	Central Government advocacy	On track	Occurring at officer level, level of engagement at times need to be at a higher level (Chief Executive to Chief Executive; Chair to Minister)
5	Support territorial authorities (TAs) to adapt to climate change	At risk	Good relationships are being built with TAs in the region, but need to confirm Greater Wellington's role and any funding requirements with the Climate Committee
6	Technical research to support regional adaptation	At risk	Work underway, responsibilities lie across teams and TAs, need for improved alignment and additional resourcing in this area
7	Seek external funding for adaptation	At risk	1 Billion Trees programme funding sought; not yet in a position to research and take advantage of other funding opportunities

Climate Emergency Response Programme Status Report (March 2020)

	Short description	Status	Progress
8	Develop regional mitigation plan	At risk	Regional inventory is underway and will provide an evidence base, and the Climate Change Response (Zero Carbon) Amendment Act 2019 provides a national target. We have good relationships across the region, but the regional working group still needs to agree this plan is something we should work on together
9	Increase regional afforestation	At risk	Some work underway in Greater Wellington and with Hutt City Council; and need to partner with iwi, TAs, communities, and Ministry for Primary Industries. Unclear who has lead responsibilities
10	Reduce regional emissions	At risk	Need to integrate with wider strategic planning processes including Let's Get Wellington Moving, Regional Land Transport Plan and Regional Growth Framework. Potential to work with Wellington NZ (previously WREDA) on the economic transition approach

Climate Committee
24 March 2020
Report 20.85



For Decision

DESIGN OF THE LOW CARBON ACCELERATION FUND

Te take mō te pūrongo

Purpose

1. To advise the Climate Committee (the Committee) on the proposed design of the Low Carbon Acceleration Fund (the Fund), for the Committee's endorsement and recommendation to Council for approval.

He tūtohu

Recommendations

That the Committee:

1. **Endorses** the proposed design of the Low Carbon Acceleration Fund (Attachment 1).
2. **Recommends** to Council that the proposed design of the Low Carbon Acceleration Fund be approved.

Te tāhū kōrero

Background

2. On 21 August 2019, Council declared a climate emergency and adopted a target of reducing corporate carbon emissions to net zero by 2030. This declaration was supported by two ten-point action plans - a Corporate Carbon Neutrality Action Plan and a Regional Climate Emergency Action Plan.
3. Action 10 in the Corporate Carbon Neutrality Action Plan is to:

Sell down the free allocation of carbon credits (NZUs) GWRC received for its pre-1990 forests to create a 'low carbon acceleration fund' to reduce the rates impact of this programme of work.
4. The overarching target of being carbon neutral by 2030 is ambitious, and change needs to start as quickly as possible to meet it. The purpose of establishing a low carbon acceleration fund is to help spur the necessary step change in Greater Wellington Regional Council's (Greater Wellington) activities relating to reducing greenhouse gas emissions. The Fund is intended to assist with carbon reduction targets (primarily for the organisation to be carbon neutral from 2030), while mitigating any additional rates impact of this investment. The Fund will be used to

develop or implement additional projects within Greater Wellington's operations that will avoid, reduce or absorb greenhouse gas emissions.

5. The 'free allocation of carbon credits' being sold to establish the Fund refers to the one-off free allocation of 322,873 New Zealand Units (NZUs) that were received from the Government when the New Zealand Emissions Trading Scheme (NZ ETS) was first established. Notionally, these NZUs were given to owners of pre-1990 planted forests, including Greater Wellington, to partly compensate them. This is because, under the NZ ETS, owners would incur liabilities for these forests if deforested. These NZUs do not relate directly to an additional carbon-reducing activity, and therefore are not suitable for use as voluntary offsets (e.g. to achieve carbon neutrality). As Greater Wellington has transferred all its NZ ETS liabilities for its planted forests along with the cutting rights to a third party, and has no intention of deforesting, it has no direct use for these units itself.
6. The current price of these units is \$26 each¹, meaning their total current value is just under \$8.4 million. The price of \$25 per unit is equivalent to the Government's current 'fixed price offer', available to those with liabilities under the NZ ETS, which effectively creates a price cap for NZUs.
7. In December 2019, the Government signalled changes to the NZ ETS to firstly raise the fixed price offer to \$35 in 2021, and soon after remove this option altogether (by no later than 31 December 2022), replacing it with an annual auction of new NZUs issued by the Government. The most recent NZ ETS consultation document proposes values of \$20 and \$50 for the floor and ceiling prices of auctioned NZUs between 2021 and 2025. The carbon price rose sharply following that announcement, and has since settled slightly above the fixed price offer mark.
8. While Council has indicated it would like to investigate selling the free allocation NZUs, a formal decision on this will not be made without consulting with the community. This is planned to occur during the 2021-31 Long Term Plan consultation process.
9. An indicative proposal for how the Fund will operate has been developed by officers and presented to Council at its workshop on 11 February 2020. This included options for how the Fund would be funded in 2020/21. The option of borrowing to fund the projects in 2020/21 is recommended, as borrowing allows for action sooner while taking advantage of likely increases in the price of NZUs by selling the NZUs later. This approach to funding will be confirmed through the 2020/21 Annual Plan process, separate to this paper. The continuation of the Fund after 2020/21 and any sale of NZUs will be decided subsequent to public consultation for the Long Term Plan process.
10. The proposed design for the Fund is outlined in [Attachment 1](#).

1 Source – CommTrade Carbon website (<https://www.commtrade.co.nz/>) at 9 March 2020.

Te tātaritanga Analysis

The Fund is open to bids for projects from parties within the Greater Wellington 'group'

11. Greater Wellington has committed to the target of being carbon neutral by 2030. Given corporate emissions have been steadily rising, this is an extremely ambitious target, and we need to focus on investing in initiatives that will reduce our corporate carbon footprint, that is, within Greater Wellington's operations. The Fund will help achieve Council's carbon neutrality target and build capability in the organisation to undertake this work as part of a new 'business as usual' (BAU). Other parties (i.e. wholly separate organisations, businesses and individuals) would not be eligible to apply, as the action point agreed by Council in 2019 (see paragraph 3), focuses on Greater Wellington's corporate carbon neutrality. Consideration could be given to making the Fund open to Greater Wellington's associated entities whose activities are part of Greater Wellington's carbon footprint – e.g. CentrePort, Greater Wellington Rail Ltd and Wellington Water Ltd, but this is not proposed for 2020/21.

Spend entire Fund endowment over four years

12. The purpose of the Fund is to spur a step change on action within Greater Wellington to get on track to achieve the agreed targets for 2025, 2030 and 2035. Therefore, funding needs to occur relatively soon. The proposal is that the entire \$8.4 million (or thereabouts) Fund will be spent over the next four financial years in order to achieve the step change required. Once this step change has occurred, all costs associated with achieving carbon targets will be met from other sources (i.e. rates, external funding). This is to be expected in a maturing programme: the activity will become 'business as usual'.

Only the proportion of project costs that is additional to BAU activity will be funded

13. It is proposed to fund only the proportion of project costs that is additional to BAU activity. This approach should ensure the Fund is genuinely accelerating progress. For example, if five hectares of reforestation occurs in regional parks per year, and the rate is increased to ten hectares per year, then the Fund can support the planting of the additional five hectares only. Also carbon savings should be calculated on the basis of 'additionality'. For example, if an electric vehicle (EV) is purchased two years sooner than it otherwise would under BAU, only two years of carbon savings would be counted. Eligible activities can include topping up an existing budget to implement an option that is more expensive but has a carbon reduction benefit. The eligibility and carbon calculations will be peer reviewed to ensure they are realistic, fair and represent additional action.

The Fund is partitioned so it is not monopolised by one type of activity

14. It is proposed to split the portion of the Fund devoted to implementation into two sub categories of activity – one for the land sector (reducing emissions and increasing carbon sequestration primarily forest establishment and wetland restoration) and the other for energy and other sources (e.g. EVs, renewable energy, energy efficiency, waste or refrigerants). The rationale for this is that forest and wetland restoration projects are likely to take five to ten years before the carbon reduction benefits start

to be realised. It is also around five to ten years from now that these benefits will be needed to achieve Council's carbon targets (via offsetting). Therefore it is important that such work is progressed now.

15. Another advantage of allocating funds to different project types is it will allow a greater diversity of Greater Wellington teams to engage with the Fund and start to build familiarity and experience with carbon reduction work in a positive way (i.e. through obtaining additional funding). This will be useful for helping bring about a change in capability and organisational culture.
16. If the Fund is undersubscribed in one of the subcategories, there would be flexibility to review this allocation.

Use the Fund for project development/feasibility studies as well as project implementation

17. It is intended that the work of developing documentation for the Fund and preparing bids will be met from existing staff resources (e.g. the centralised climate change team and activity managers). The Fund itself will not be used to fund these costs.
18. 'Implementation' projects may be an incremental measure applied to an existing project – e.g. to purchase extra EVs than allowed for in an existing budget. For this type of incremental project, extra management costs will be minimal. Only funding such incremental initiatives, however, is unlikely to achieve the step change that is required to be carbon neutral by 2030.
19. Other kinds of implementation projects, particularly standalone initiatives, will require planning and project management. For these, it is proposed that a small project management overhead could be included in a bid and funded from the Fund.
20. A second category of project is proposed to be included as eligible for funding - 'project development/feasibility'. The purpose of this is to allow teams at Greater Wellington to procure the necessary personnel and expertise (extra staff or contractors) to take the idea for a project and develop a full business case. This would allow an informed decision to be made to implement it, possibly using the Fund. For example, this would be required if Council was to investigate investing in renewable energy sources. There is precedent for this approach - it is a feature of external funds such as the One Billion Trees Fund, the Provincial Growth Fund and the NZ Transport Agency's single-stage business cases.
21. Bids for project development/feasibility would be assessed based on their potential to reduce emissions, strategic significance and likelihood of leading to implementation, among other things.

Initial split of the Fund

22. It is proposed that the Fund is partitioned initially by activity in the following ratios: 40 percent for land sector implementation, 40 percent for energy and other sources implementation and 20 percent for project development/feasibility. Following internal consultation on the proposed design of the Fund and looking at other funds (such as those outlined in paragraph 20 above), it was identified that 20 percent is an appropriate figure for project development/feasibility. This is just a guide and could be adjusted and discussed by the Committee depending on what bids are received.

Responsibilities

23. The internal Climate Emergency Response Programme Board will vet bids, before proposing appropriate bids to the Committee for its recommendation to Council for its approval. Each year, the Climate Emergency Response Programme Board would also review the performance of the Fund and suggest to the Committee any adjustments to the Fund's details and settings. The Committee may then recommend any changes to Council for its approval.

Ngā hua ahumoni Financial implications

24. The financial implications of creating the Fund itself and the capacity to borrow \$2 million in 2020/21, have been considered and will be included in the 2020/21 Annual Plan. As the borrowings would be drawn upon progressively over 2020/21, interest costs are likely to be less than \$50,000 in that year.
25. The planned approach is that these interest costs are capitalised and repaid using part of the proceeds from the sale of the NZUs when this occurs. If this sale does not occur, the costs of any borrowing that has occurred for the Fund, including repayments, would need to be met from other sources, most likely rates.

Te huritao ki te huringa o te āhuarangi Consideration of climate change

26. The matters requiring decision in this report was considered by officers in accordance with the process set out in Greater Wellington's *Climate Change Consideration Guide*.

Mitigation and adaptation assessments

27. While the implementation and operation of the Fund will trigger the need for mitigation assessments (in order to properly assess funding bids) and in some cases adaptation assessments (for proposed projects that may be affected by climate change impacts) these can only be completed on a case-by-case basis.

Ngā tikanga whakatau Decision-making process

28. The matters requiring decision in this report were considered by officers against the decision-making requirements of Part 6 of the Local Government Act 2002.

Te hiranga Significance

29. Officers considered the significance (as defined by Part 6 of the Local Government Act 2002) of these matters, taking into account Council's *Significance and Engagement Policy* and Greater Wellington's *Decision-making Guidelines*. Officers consider that these matters are of low significance.

Te whakatūtakitaki
Engagement

30. Given the low significance of the matters for decision, officers consider that no related public engagement was required.

Ngā tūāoma e whai ake nei
Next steps

31. Following the Committee’s decisions, the proposed design of the Low Carbon Acceleration Fund will be referred, for approval, to Council’s 9 April 2020 meeting.

Ngā āpitihanga
Attachment

Number	Title
1	Proposed Design of the Low Carbon Acceleration Fund

Ngā kaiwaitohu
Signatory/Signatories

Writer	Jake Roos – Climate Change Advisor
Approvers	Tracy Plane – Manager Strategic and Corporate Planning Luke Troy – General Manager Strategy

He whakarāpopoto i ngā huritaonga Summary of considerations
<p><i>Fit with Council’s roles or Committee’s terms of reference</i></p> <p>The matters for decision fit with the Committee’s specific responsibility to:</p> <p style="padding-left: 40px;">Oversee the development and review of Council’s climate change strategies, policies, plans, programmes, and initiatives (including Council’s Climate Emergency Response Programme); and recommend these matters (and variations) to Council for adoption”.</p>
<p><i>Implications for Māori</i></p> <p>There are no implications for Māori.</p>
<p><i>Contribution to Annual Plan / Long term Plan / Other key strategies and policies</i></p> <p>The proposed design will directly contribute to Greater Wellington’s carbon reduction targets.</p>
<p><i>Internal consultation</i></p> <p>ELT, the Corporate Carbon Neutrality Project Steering Group, Treasurer and Chief Financial Officer were consulted and provided input on the design of the Fund. An indicative design of the Fund was presented to Council at its annual plan workshop on 11 February 2020.</p>
<p><i>Risks and impacts: legal / health and safety etc.</i></p> <p>There are no significant risks associated with the matters under consideration.</p>

Attachment 1

Proposed Design of the Low Carbon Acceleration Fund

Purpose of the Fund

1. To help spur a step change in Greater Wellington's activities to reduce emissions and put it on track to achieve Council's carbon reduction goals (primarily corporate carbon neutrality from 2030) by funding activities or initiatives that reduce net emissions more quickly and/or at a greater scale than otherwise would occur.

Initial period and Long Term Plan confirmation

2. The Fund will operate using borrowing for the first year (2020/21).
3. The level of borrowing budgeted for in the Annual Plan for 2020/21 will be \$2.0 million.
4. Further operation of the Fund is subject to Council approval following the consultation process for the 2021-31 Long Term Plan. This consultation will include seeking the community's views regarding the sale of Greater Wellington's free allocation NZUs to repay borrowing costs incurred by the Fund and/or create a cash reserve to support subsequent years of the Fund's operation.

Key elements proposed

5. The Fund is open to bids for projects that would occur within Greater Wellington's operations and reduce its carbon footprint. This includes the Metlink bus fleet.
6. The aim is to allocate the entire Fund over a period of approximately four years (i.e. 2020—24).
7. Only the proportion of project costs that is additional to business as usual activity will be funded.
8. The Fund is partitioned so it is not fully monopolised by one type of activity, although this can be reviewed at any time if any part of the Fund is undersubscribed.
9. The Fund can be used for a small level of project development/feasibility studies as well as project implementation.
10. Quarterly, the Climate Emergency Response Programme Board will provide bids to the Climate Committee.
11. The Climate Committee will consider these bids, and recommend suitable bids to Council for approval.

Fund criteria proposed for projects

12. Dollars of funding sought per tonne of CO₂e emissions mitigated is lowest (implementation projects only).
13. The project would not proceed without the extra funding.
14. The project will have demonstrable emissions impact, particularly for Greater Wellington itself.
15. The project has other wider benefits e.g. for biodiversity, contribution to freshwater outcomes.

Attachment 1

Proposed Design of the Low Carbon Acceleration Fund

16. The level of ongoing rates impact once the funding allocation has been used.
17. The project is of strategic importance to achieving Greater Wellington's corporate carbon reduction targets.
18. The project will help secure external funding for the project or related projects.

Proposed split of Fund for 2020/21

19. Project implementation:
 - a Land sector (e.g. afforestation, land use change, wetlands): 40 percent
 - b Energy and other sources (e.g. EVs, renewable energy, waste): 40 percent
20. Project development/feasibility: 20 percent.

Administration

21. The climate change team within the Strategy and Corporate Planning department will:
 - a Develop the required documentation, including application forms and guidance
 - b Promote the Fund
 - c Work with activity managers to help them develop project bids/business cases
 - d Provide analysis to decision makers regarding the bids received.
22. The Climate Emergency Response Programme Board will review the bids and decide which to propose to the Climate Committee for its recommendation to Council for approval.
23. The Finance team will support all the necessary transactions and provide advice on financial strategy – in particular the opportune time to sell the free allocation NZUs.

Review

24. The Fund's details and settings, along with whether to hold or sell the free allocation NZUs, will be reviewed annually by the Climate Emergency Response Programme Board (the Board). The Board can suggest any adjustments to these matters to the Climate Committee, which may recommend any changes to Council for approval.