

Timaru District Council

Submission on the Productivity Commission's Low-emissions Economy draft report

To the Productivity Commission

Introduction

1. The Timaru District Council thanks the Productivity Commission for the opportunity to submit on the Low-emissions economy: Draft report and thanks the Commission for accepting this submission after the due date.
2. This submission is made by the Timaru District Council, 2 King George Place, Timaru. The contact person is Damon Odey, Mayor of the Timaru District. I can be contacted at Timaru District Council, phone (03) 687 7200 or PO Box 522, Timaru 7940.
3. The Timaru District Council is a local authority in the South Island serving over 47,000 people in South Canterbury. The main settlement is Timaru, with other smaller settlements of Geraldine, Pleasant Point and Temuka. The economy of the district is strongly agriculturally based.
4. The Council is composed of a Mayor and nine Councillors serving three wards. Three Community Boards also exist in the District.

General

5. The Council notes the terms of reference of the inquiry:

*"an inquiry into how New Zealand can maximise the opportunities and minimise the risks of transitioning to a lower net-emissions economy"*¹

6. The Council acknowledges New Zealand's commitments to a reduction of greenhouse gas emissions as envisaged under the Paris Agreement. It recognises the previous government's commitment to a target of a 50% reduction in New Zealand greenhouse gas emissions from 1990 levels by 2050. It also acknowledges that the new government is seeking a more ambitious target for emissions reduction by 2050 via the Zero Carbon Bill. The Council believes New Zealand and local communities must play their part, and that New Zealand is in a unique position to contribute at a scale well beyond its small size.
7. The Council also acknowledges the significant impact that a transition to a low or zero emissions economy will have on the New Zealand economy and indeed on an agriculturally based economy such as Timaru District. It believes this transition must be

¹ New Zealand Productivity Commission. (2018). Low-emissions economy: Draft report, p. i

carried out in a fair and considered manner, appropriately acknowledging the impact it will have on individuals, consumers, households, businesses, and local economies. Local government is charged with a focus on community wellbeing, and any change must be considered with this as a primary consideration.

8. Because of New Zealand's significantly decarbonized energy sector, its large share of land sector emissions, and its large forestry sector, the Council acknowledges that moving to a low-emissions economy will involve a significant departure from the technologies and practices commonplace in New Zealand today. Local government is well prepared for this, charged with the responsibility to plan in the long-term for their communities, including the impact of these disruptive technologies.
9. The Council supports development of a clear, stable and well-reasoned policy and legislative environment that will provide future certainty for communities, and local government.
10. The Council supports submissions to the Bill presented by Local Government New Zealand (LGNZ) and the Canterbury Mayoral Forum.

Multi-modal Transport

11. The Council considers the report should give more attention to the potential of other modes of transport to aid freight movement and reduce greenhouse gas emissions from the transport sector. Particularly the potential for greater freight movement via domestic coastal shipping and rail could be explored further. Currently, as described in the report, these make up only 4% of the total emissions via the transport sector². Heavy vehicles (i.e. trucks) are a significant and increasing contributor to emissions from the transport sector, with 90% of freight carried via road³.
12. While the report acknowledges the challenges associated with these forms of transport in today's commercial environment (i.e. faster road freight, more responsive, point-to-point service, distance of travel), the impact of future challenges may question these foundations. The report acknowledges how existing systems favour road based projects. A move to further invest in and utilise a multi-modal transport system will potentially increase the ability to help meet New Zealand's emissions targets, while also providing multiple other benefits, such as new and innovative methods for freight movement and reduced road congestion.

Comments on Recommendations

13. The findings and recommendations in the draft report are generally supported by the Council. The following comments are offered on some of the recommendations in the draft report.
14. Recommendation R4.1 to reform the Emissions Trading Scheme (ETS) rather than replace it with a carbon tax is supported. The Council supports the development of a credible

² New Zealand Productivity Commission. (2018). Low-emissions economy: Draft report, p. 283

³ New Zealand Productivity Commission. (2018). Low-emissions economy: Draft report, p. 284, 309

and efficient market in emissions units, rather than replacing the ETS with a carbon tax. In saying this, modelling that proposes an increase in NZU's prices to between \$75 and \$250 by 2050 will have a significant impact on some directly affected Council operations (e.g. Waste Minimisation), as well as indirect impacts on other Council services.

15. Recommendation R5.2 to develop the national innovation system to play a significant role in the transition to a low or zero emissions economy is supported.
16. Recommendation R7.1 to use the United Kingdom (UK) Climate Change Act as a basis for the design of a Zero Carbon Bill is supported. This Council supports the conclusions of the Parliamentary Commissioner for the Environment (March 2018) that the "cornerstone of any new legislation will be the enactment of a long-term emissions reduction target", and that the UK legislation not only sets a target, but makes those targets legally binding domestically. It is also important that within this context the role and responsibilities of local government is made clear.
17. Recommendation R7.2 is strongly supported to seek to achieve broad political support and consensus for the Zero Carbon Bill. This is essential for long-term success, certainty in policy direction, and to help achieve broad-scale public support and the social involvement that is necessary to make the transition to a low-emissions economy.
18. Recommendations R7.7 to R7.10, to establish a Climate Change Commission as an advisory and independent Crown Entity, are supported.
19. Recommendation R8.1 to establish separate targets for long-lived and short-lived gases is supported. A sensible and balanced policy response is required to account for methane and nitrous oxide separately to carbon dioxide. This will be a major contributor to the agricultural sector's acceptance of an ETS with realistic price signals, and is consistent with seeking to achieve the broad scale support and consensus outlined in Recommendation R7.2 above. Similarly, Recommendation R10.3 to fully include agricultural emissions in the ETS within an overall all-gases target is supported, if the above two-baskets approach is adopted.
20. Recommendation R10.1 to examine practical options to transition permanent exotic forests to native forests, following harvest, is supported. Although the exotic conifer *pinus radiata* plays a major role in sequestering large amounts of carbon dioxide, it does nothing to enhance or improve New Zealand's indigenous biodiversity. Carbon sequestration should be developed as an option that is in keeping with enhancing New Zealand's indigenous biodiversity (see LGNZ think-piece on Addressing New Zealand's Biodiversity Challenge (August 2017)).
21. Recommendation R11.1 to introduce CO₂ emissions standards for light vehicles is supported, as is recommendation R11.2 for a price feebate scheme for entry vehicles. The feebate scheme should replace Road User Charge exemptions for electric vehicles (EVs).
22. Recommendation R11.6 to make emissions reductions a stronger strategic focus in transport investment, including changes to the Government Policy Statement to enable

to broaden its scope to the wider transport system is supported, particularly in light of comments under Multi-modal transport above.

23. Recommendation R14.2 to amend the Waste Minimisation Act 2008 to apply the waste disposal levy to all known and consented waste disposal facilities is supported, subject to an assessment of the costs to residents. The Council agrees that the waste disposal levy of \$10 per tonne is too low, and does not reflect the true costs of emissions from this source. This Council agrees with the MfE conclusion that "gradually increasing the levy will drive the message that waste disposal is unviable and will provide the necessary signals to industry to prepare for this change well in advance".

Timaru District Council has operated a successful waste minimisation scheme since 2006, with the diversion of thousands of tonnes of waste from landfill. Further initiatives are planned to increase this diversion.


24. Recommendation R14.4 to require farm dumps to have a resource consent is fully supported. Local Government currently have the general powers to make bylaws in this arena, however a National Environmental Standard relating to waste is a more effective tool to achieve national consistency.
25. Recommendation R14.5 to consider a partial waste disposal levy is supported because raising both ETS charges and a landfill levy would be a significant cost burden to residents. Local Government could use any increases in the levy to assist with the cost of diverting other waste streams from landfill.
26. Recommendations R15.1 and 15.2 to review the Building Code is supported particularly relating to more stringent energy efficient standards, but these recommendations could go further. As Building Consent Authorities, Local Government innovation to improve energy efficiency or conserve water are often frustrated by the need for compliance with minimum standards of the Building Code. To achieve zero emissions by 2050, large scale and sweeping reform of the Building Code will be necessary.

Comments on Questions asked in the draft Report

27. The following responses are offered to some of the questions asked in the draft report.
28. Question 10.2 The Council supports accommodating small areas of planting, where practicable (including riparian planting) within the NZ ETS as not only contributing to carbon sequestration, but also contributing to surface water quality improvements and biodiversity enhancement. This could occur both in pastoral environments, but also in urban environments (e.g. parks and riparian planting beside waterways).
29. Question 11.2 A price feebate scheme applying to heavy vehicles, as well as light vehicles entering the NZ fleet, is supported.
30. Questions 16.1 The ETS could be extended to cover wastewater treatment plants, depending on the impact of this and the overall contribution to emissions reductions. For the sake of consistency, it would be appropriate to consider its inclusion.

In Conclusion

31. A transition to a zero or low-emission economy will potentially create significant uncertainty and will challenge thinking across the board. It is important that, where possible, political parties work together to ensure sustainable and considered solutions are implemented that ensure unintended consequences are fully scoped and mitigated for.
32. The Council congratulates and thanks the Productivity Commission for their work on this report and looks forward to the final report.



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