



TE KAUNIHERA-Ā-ROHE O TARATAHI
CARTERTON
DISTRICT COUNCIL

AGENDA

Audit and Risk Committee Meeting

Date: Wednesday, 17 November 2021

Time: 9:30am

**Location: Carterton Events Centre
50 Holloway Street
Carterton**

Chair P Jones

Deputy Chair R Cherry-Campbell

Mayor G Lang

Deputy Mayor R Vergunst

Cr D Williams

C Kawana – Hurunui-o-Rangi Marae Representative

Notice is hereby given that an Audit and Risk Committee Meeting of the Carterton District Council will be held in the Carterton Events Centre, 50 Holloway Street, Carterton on:

Wednesday, 17 November 2021 at 9:30am

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1 KARAKIA TIMATANGA

Mai i te pae maunga, raro ki te tai

Mai i te awa tonga, raro ki te awa raki

Tēnei te hapori awhi ai e Taratahi.

Whano whano, haramai te toki

Haumi ē, hui ē, tāiki ē!

2 APOLOGIES

3 CONFLICTS OF INTERESTS DECLARATION

4 PUBLIC FORUM

5 CONFIRMATION OF THE MINUTES



5.1 MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING HELD ON 18 AUGUST 2021

1. RECOMMENDATION

1. That the Minutes of the Audit and Risk Committee Meeting held on 18 August 2021 are true and correct.

File Number: 137155

Author: Robyn Blue, Democratic Services Officer

Attachments: 1. Minutes of the Audit and Risk Committee Meeting held on 18 August 2021

**MINUTES OF CARTERTON DISTRICT COUNCIL
AUDIT AND RISK COMMITTEE MEETING
HELD VIA ZOOM
ON WEDNESDAY, 18 AUGUST 2021 AT 9:32AM**

PRESENT: Philip Jones (Chair), Cr Robyn Cherry-Campbell (Deputy Chair), Mayor Greg Lang, Cr Dale Williams

IN ATTENDANCE - ELECTED MEMBERS:

Cr Brian Deller, Cr Rob Stockley, Cr Jill Greathead, Cr Steve Cretney

IN ATTENDANCE - COUNCIL STAFF:

Geoff Hamilton (Chief Executive), Dave Gittings (Infrastructure, Planning and Regulatory Manager), Geri Brooking (People and Wellbeing Manager), Kelly Vatselias (Corporate Services Manager), Elisa Brown (Communications and Engagement Advisor), Sheree Dewbery (Executive Assistant to Mayor and Chief Executive), Serah Pettigrew (Democratic Services Coordinator)

1 KARAKIA TIMATANGA

The meeting was opened with a karakia led by Deputy Chair Cr Robyn Cherry-Campbell.

2 APOLOGIES

Apologies were received from Cr Rebecca Vergunst, Charmaine Kawana (Marae Representative), and Marty Sebire (Marae Representative).

MOVED

That the apologies be accepted.

Deputy Chair Cr Robyn Cherry-Campbell / Chair Philip Jones

CARRIED

LATE AGENDA ITEM

A late report was received from Dave Gittings for the Three Waters review update (item 6.8 on the agenda).

MOVED

That the late report be accepted.

Chair Philip Jones / Deputy Chair Cr Robyn Cherry-Campbell.

CARRIED

3 CONFLICTS OF INTERESTS DECLARATION

There were no conflicts on interest.

4 PUBLIC FORUM

There was no public forum.

5 CONFIRMATION OF THE MINUTES

5.1 MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING HELD ON 12 MAY 2021

No comments.

MOVED

That the minutes of the Audit and Risk Committee Meeting held on 12 May 2021 are true and correct.

Cr Dale Williams/ Deputy Chair Cr Robyn Cherry-Campbell.

CARRIED

6 REPORTS

6.1 PROJECT REVIEWS CLOCKTOWER AND WASTEWATER RESERVOIRS

PURPOSE

For the Audit and Risk Committee to agree on the scope of the Project Reviews and skills of the reviewer, for the wastewater treatment pond upgrade, and earthquake strengthening of the Carterton Clock Tower, in line with resolutions at the previous Audit and Risk meeting held on 12 May 2021 which were:

***Agrees** that an independent review of the wastewater treatment pond upgrade project be undertaken with a scope being brought back to the next Audit and Risk Committee meeting.*

***Notes** the review of the clocktower procurement and contract management process.*

NOTED

1. The Review is up to the completion of Stage 2.
2. The Expressions of interests for the review should be sent out now, in preparation for the completion of Stage 2.

MOVED

That the Committee:

1. **Receives** the report.
2. **Agreed** that an independent review of the Wastewater Treatment Pond upgrade and Clock Tower earthquake strengthening projects be undertaken as set out above.

Deputy Chair Cr Robyn Cherry-Campbell / Cr Dale Williams

CARRIED**6.2 HEALTH, SAFETY AND WELLBEING UPDATE****PURPOSE**

To update the Audit and Risk Committee on recent health, safety and wellbeing (HS&W) activities.

MOVED

That the Committee:

1. **Receives** the report.
2. **Noted** the health, safety and wellbeing activities described in this report.

Deputy Chair Cr Robyn Cherry-Campbell / Cr Dale Williams

CARRIED**6.3 ANNUAL REPORT TIMELINE****PURPOSE**

To update the Committee on the timeline for the preparation and adoption of the 2020/21 Annual Report.

MOVED

That the Committee:

1. **Receives** the report.
2. **Noted** the proposed 2020/21 Annual Report timeline.

Mayor Greg Lang / Deputy Chair Cr Robyn Cherry-Campbell

CARRIED

6.4 TREASURY REPORT AS AT 31 JULY 2021**PURPOSE**

To provide the Committee with an update on the current Treasury position.

Agreed to set up a workshop of the full Council with a representative from LGFA to provide more information on borrowing before a decision is made by elected members as to whether Council becomes a guarantor.

MOVED

That the Committee:

1. **Receives** the report.
2. **Noted** the current treasury position and compliance with policy.

Cr Dale Williams / Deputy Chair Cr Robyn Cherry-Campbell

CARRIED**6.5 PROGRESS ON AUDIT NZ RECOMMENDATIONS****PURPOSE**

To update the Committee on the progress achieved to date responding to the recommendations presented by Audit NZ, arising from their previous audits.

MOVED

That the Committee:

1. **Receives** the report.
2. **Noted** the progress being made to meet the recommendations made by Audit New Zealand.

Chair Philip Jones / Cr Dale Williams.

CARRIED

6.6 RISK REGISTER UPDATE

PURPOSE

To advise the Audit and Risk Committee on changes to the Carterton District Council Risk Register.

MOVED

That the Council/Committee:

1. **Receives** the report.
2. **Noted** the changes to the Risk Register in Attachment 1.

Deputy Chair Cr Robyn Cherry-Campbell / Mayor Greg Lang

CARRIED

6.7 CHIEF EXECUTIVE KEY RESULT AREAS 2021/2022

PURPOSE

For the Audit and Risk Committee to set the Chief Executive's 2021/2022 Key Result Areas.

MOVED

That the Committee:

1. **Receives** the report.
2. **Agreed** to the Chief Executive's Key Result Areas and Performance Measures for 2021/2022 with the following *amendment*.
 - Strategy, Planning and Reporting
 - CURRENT: Evaluate current operations and practices and present an Issues and Strategy paper to Council **within 90 days**.
 - AMENDMENT: Evaluate current operations and practices and present an Issues and Strategy paper to Council **immediately after the first 90 days**.
3. **Agreed** that an interim review of the Chief Executive's performance be undertaken in February 2022.
4. **Agreed** that a full review of the Chief Executive's performance be undertaken in October 2022.

Mayor Greg Lang / Cr Dale Williams

CARRIED

6.9 LATE REPORT – THREE WATERS REVIEW UPDATE

PURPOSE

To update the Committee on the Three Waters review request from Local Government New Zealand, Taituarā (LGNZ) and Te Tari Taiwhenua Internal Affairs (DIA).

MOVED

That the Committee:

1. **Receives** the report.

Mayor Greg Lang / Deputy Chair Cr Robyn Cherry-Campbell

CARRIED

Agreed to set up a workshop to discuss the issues and risks with the Three Waters Reforms, in order to assist in providing feedback to LGNZ and DIA.

7 KARAKIA WHAKAMUTUNGA

The meeting was closed with a karakia led by Deputy Chair Cr Robyn Cherry-Campbell.

The Meeting closed at 10:41am

Minutes confirmed:

18 November 2021

Date:

6 REPORTS



6.1 REVIEW OF THE ANNUAL REPORT 2021

1. PURPOSE

For the Committee to review the annual report and recommend the Council to adopt the 2021 Annual Report.

2. SIGNIFICANCE

The matters for decision in this report are not considered to be of significance under the Significance and Engagement Policy.

3. BACKGROUND

Under section 98 of the Local Government Act 2002, the Council must prepare an annual report. The purposes of the annual report are to:

- compare its actual activities and the actual performance in the year with the intended activities and intended level of performance as set out in the long-term plan with the annual plan
- promote the Council's accountability to the community for the decisions made throughout the year.

The annual report must be completed and adopted, by Council resolution, within four months after the end of the financial year. This year (as with 2020) the statutory deadline has been extended by an additional two months, with a new deadline of 31 December 2021. The Act also requires that within one month of the adoption, the annual report and a summary report must be made publicly available.

4. ADOPTION OF THE REPORT

A draft of the report for Council's consideration is in Attachment 1. It was prepared by management and has been audited by the auditors, Audit NZ, on behalf of the Controller and Auditor-General. It includes all amendments agreed to-date by management and the auditors.

Compared to the previous year, some disclosures have been moved within the annual report to a section called 'Other legislative disclosures'. This is a change in structure only, as all these disclosures were included in the 2020 annual report. Other than this, there have been no significant changes to the structure and presentation of the annual report from the previous year.

The 2021 residents survey is attached as attachment 2, as this includes results which are used for some of the non-financial performance measures of the annual report.

At the time of writing, Audit NZ has yet to complete its audit, and an audit opinion has not been provided. We are however aware that the audit opinion will include an emphasis of matter paragraph regarding 3 waters reform as follows:

Emphasis of matter – Three waters reform programme

Without modifying our opinion, we draw attention to note xx on page xx to the financial statements, which outlines the Government’s proposed three waters reform programme. The likely outcome and impact on the Company is currently uncertain because no decisions have been made on how to progress the reforms announced by the Government on 30 June 2021.

This paragraph will be standard in all local authority 2021 audit opinions.

Our auditor, John Whittal, will be attending the Audit and Risk Committee meeting to discuss the annual report.

5. NEXT STEPS

The audit report is anticipated to be received in time to confirm adoption by the due date.

It is proposed that the Mayor and Chief Executive is delegated the authority to approve any final editorial changes.

6. CONSIDERATIONS

6.1 Climate change

No impact.

6.2 Tāngata whenua

No impact.

6.3 Financial impact

No impact.

6.4 Community Engagement requirements

The 2021 Annual Report and Summary Annual Report will be published on the CDC website within one month of adoption.

6.5 Risks

No risks identified.

7. RECOMMENDATION

That the Committee:

1. **Receives** the report.
2. **Recommends** the council adopt the Carterton District Council Annual Report for the year ended 30 June 2021 at the extraordinary council meeting on 17 November 2021.

3. **Recommends** the council delegate authority to the Mayor and Chief Executive to make any final editorial changes to the 2021 annual report.
4. **Notes** that the annual report and a summary of the annual report must be published within one month of adoption.

File Number: 136856

Author: Kelly Vatselias, Corporate Services Manager

Attachments:

1. CDC Annual Report 30 June 2021 [↓](#)
2. CDC Residents Survey April 2021 [↓](#)

Carterton District Council
Annual report 2020/21

Directory

<p> Carterton District Council Holloway Street PO Box 9 Carterton </p>	<p> Phone 06 379 4030 Fax 06 379 7832 www.cdc.govt.nz info@cdc.govt.nz </p>
<p>Auditors</p>	<p> John Whittal Audit New Zealand on behalf of the Auditor-General </p>
<p>Solicitors</p>	<p> Mark Hinton WCM Legal </p>
<p>Bankers</p>	<p> Johan Otto Bank of New Zealand </p>

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Mayor and councillors

His Worship the Mayor	Mayor Greg Lang	
Deputy Mayor	Cr Rebecca Vergunst	
Councillors	Cr Robyn Cherry-	Cr Jill Greathead
	Campbell	Cr Rob Stockley
	Cr Steve Cretney	Cr Russell Keys
	Cr Brian Deller	Cr Dale Williams

Hurunui o Rangi Marae representatives

Manawhenua Representatives on Council	Rev Mihi Namana Te Rangikaiwhiria Reiri Rutu Namana Rāwiri Smith
Manawhenua Representatives on Committees	Rihī Clarke-Reiri Charmaine Kawana Rāwiri Smith

Senior executives

Chief Executive	Geoff Hamilton
Infrastructure and Services & Planning and Regulatory Manager	Dave Gittings
Community Services Manager	Glenda Seville
Corporate Services Manager	Kelly Vatselias
People and Wellbeing Manager	Gerry Brooking



Introduction from the Mayor



*Mai i te pae maunga, raro ki te tai
Mai i te awa tonga, raro ki te awa raki
Tēnei te hāpori awhi ai e Taratahi.
Whano whano, haramai te toki
Haumi ē, hui ē, tāiki ē!
From the peaks of our mountains, down to the coast
From Waiohine to the South, down to Waingawa to the North
This is our community; embraced by Taratahi.
It binds us, strengthens us, and we move forward together.*

The 2020/21 year brought a new set of challenges, but this was something we were prepared for as a community after the 2019/20 year. It would be amiss of me not to mention the fantastic response Carterton once again showed in the face of another COVID-19 lockdown. I know that the restrictions we have faced under varying alert levels have brought extra stress to families and businesses. I'm encouraged by our community's resilience and willingness to do what's best for the greater good.

Lockdowns also put extra pressure on councils as we have staff taking on extra work and working on roles they wouldn't normally. This includes working for the Wairarapa Emergency Operations Centre to help with the region's Civil Defence response to the pandemic. As a council, we were well prepared for this scenario; we knew it would be a matter of 'when', not 'if'. This enabled us to continue to provide the district with essential services during this period.

We also had the added challenge in early 2021 of a series of boil water notices. While this is a situation no council wants to see itself in, I am very proud of the way council staff and my fellow elected members responded. We acted quickly and made tough decisions that may not have been popular but ensured the safety of our community. The process has highlighted some areas of improvement which the council has already implemented and has seen us fast track some of our infrastructure projects to help prevent a reoccurrence.

We finalised our Ten Year-Plan for the 2021 – 31 period in June. This saw an incredible amount of work put in by staff and councillors over an 18-month period, with most of the work being done in-house. The draft plan was put together after talking to our community

to find out what they wanted the council to focus on and any new projects the council should be doing. We received feedback from urban residents, rural residents, members of Hurunui-o-rangi marae, community groups, rangatahi, tamariki and our older residents. We also received 715 ideas on our "Big Jar of Ideas" which was a great way to get a sense of what our community needed prior to consulting on our three new projects – Town centre parking, Five Towns Trail Project and the Town Centre Redevelopment. It was fantastic to get this plan in place which sets out the direction for the coming 10 years.

The 2020/21 year also indicated the coming changes for local government in New Zealand with three main workstreams getting underway – the three waters reform, a reform of the Resource Management Act and a general review of local government. These reforms will have a significant impact on councils, and our district as a whole. Work in these areas will continue in the upcoming year, and we will continue to take our communities with us on this journey.

I am very pleased with the results presented in this Annual Report. It is a great reflection of another year of commitment to the Carterton community from your council – something we look forward to delivering again in the upcoming year.

Greg Lang
Mayor



Chief Executive's report



Tēnā koutou

Having only joined Council in August, it's been exciting to take a fresh look at what we do for our communities. One of the areas I quickly noticed was how dedicated the staff were. Whether it was keeping our parks, gardens and facilities in top shape and looking outstanding, keeping the water running and the roading network maintained, or returning lost pets to their owners, Council staff do it with a smile and keen sense of pride. I believe the quality of its contents of our Annual Report is a great reflection of our staff's dedication and hard work.

Carterton District Council definitely had its fair share of obstacles to overcome in the 2020/21 year. Changes to key staff, a by-election, a long-term plan adoption, responding to the low-level E. coli readings in our urban water supply, navigating a sea of often conflicting information on Three Waters Reforms, followed by another Level 4 lockdown. Looking back there are aspects of the year that we wish didn't occur, and we are working hard to find and fix problem areas of our infrastructure while continuing our network upgrade programmes.

Other areas we can be very proud of for a small Council. The Elected Members understanding of the complex and fundamental changes being proposed by government on

Three Water Reforms is worthy of note. Long hours were spent by the Mayor, Councillors and staff in meetings, online and in workshops, both internally and with Department of Internal Affairs, Local Government NZ, other NZ Councils, Wellington Leadership Group and even Australian Water entities. This heavy workload was reflected in the response we gave government on the proposed reforms. Ultimately it is unclear based on what we have seen to date, if our ratepayers and communities would be better or worse off through the proposed reforms. If change is the way forward, history indicates such fundamental changes are unlikely to be reversed by future governments. We think this is all the more reason to take time now to consider all options before making a final decision. Your Council will continue to be a strong voice for our communities in this debate.

I have joined Council during a very uncertain and turbulent time. Change is coming for councils across New Zealand, there's no doubt about that. Whether it is Three Waters Reform, RMA / Natural Built Environment changes, The Future of Local Government or nationwide staff shortages, Council will need to change and adapt to this new environment. The challenge for small councils like ours is ensuring our voice is heard and the needs of both our urban and rural communities are met. But with change comes both challenges and opportunities and I see my role here as guiding our council and community through these changes to the best of my abilities.

Finally I would like to acknowledge and thank all our staff, Elected Members, Mana Whenua and Community Advisory Groups for the commitment they have shown to Carterton and the Council during the past year. I am pleased to have joined such an outstanding team.

Ngā manaakitanga / Kind regards

A handwritten signature in blue ink, reading "Geoff Hamilton". The signature is fluid and cursive, with the first name "Geoff" and last name "Hamilton" clearly distinguishable.

Geoff Hamilton
Chief Executive



Opportunities for Māori to contribute

The Carterton District Council recognises the importance of the Treaty of Waitangi as the founding document of Aotearoa New Zealand, which created a partnership between mana whenua and the Crown. The Council also recognises that through legislation, such as the Resource Management Act and the Local Government Act, the Council is devolved powers from the Crown for the whole community.

The mana whenua status of Hurunui o Rangi Marae with Carterton District Council has been acknowledged since the inception of the Council. The Council acknowledges Hurunui o Rangi Marae as a mana whenua entity within its district, and values the role of the Marae and associated hapū and whānau in the social and cultural fabric of our community.

The Council works with Hurunui o Rangi Marae on a range of initiatives. The Marae and the Council wish to build on this developing relationship for the good of our communities, through respectful engagement, and taking note of our respective aspirations and capacity. To fulfil this, a Memorandum of Understanding has been established to formalise the relationships and incorporate our joint objectives including Marae participation in meetings of Council and its Committees and Advisory Groups.

During the 2020/2021 year, the Council has established a new relationship with Ngāti Kahukuraawhitia, with particular engagement through the Daleton Waste Water Treatment Plant Upgrade Project. We look forward to strengthening the relationship with the hapū over the coming year.

The Council recognise the importance of working alongside mana whenua to build capacity and opportunities for Māori to contribute to Council decision-making, and for Council to contribute to Māori well-being in the present and for the future. This is reflected in the appointment of a Kaitakawaenga Kaupapa Māori (Māori Liaison Officer) to provide advice and support, facilitate Māori engagement and participation, and lead Council wide guidance and training on Te Ao Māori, Tikanga Māori, Te Reo, and Te Tiriti o Waitangi.

Some activities during the last year have included:

- attendance of Kaumātua at Council meetings
- leadership by the Marae in the Council's civic ceremonies including Citizenship Ceremonies, Charles Rooking Carter Civic Awards, and pōwhiri for the new Chief Executive
- attendance of councillors and senior managers at Marae Trustee meetings
- Marae submissions to the planning processes
- regular presentations by the Marae at Council and Committee meetings
- working with the Marae on a number of community development activities
- meetings of Council held at the marae.



Statement of compliance and responsibility

Compliance

1. The Council and management of the Carterton District Council certify that all the statutory requirements in relation to the annual report, as outlined in the Local Government Act 2002, have been complied with.

Responsibility

2. The Council and management of the Carterton District Council accept responsibility for the preparation of the annual Financial Statements and Statement of Service Performance and the judgements used in them.
3. The Council and management of the Carterton District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the financial and service performance report.
4. In the opinion of the Council and management of the Carterton District Council, the annual Financial Statements for the year ended 30 June 2021 fairly reflect the financial position and operations of Carterton District Council.

A handwritten signature in blue ink, appearing to read "Greg Lang".

Greg Lang
Mayor
17 November 2021

A handwritten signature in blue ink, appearing to read "Geoff Hamilton".

Geoff Hamilton
Chief Executive
17 November 2021



AUDIT NEW ZEALAND

Mana Aotake Aotearoa

Independent Auditor's Report To the readers of Carterton District Council's Annual Report for the year ended 30 June 2020

The Auditor-General is the auditor of Carterton District Council (the District Council). The Auditor-General has appointed me, John Whittall, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 9 December 2020. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 40 to 42 and 48 to 73:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2020;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards Reduced Disclosure Regime;
- the funding impact statement on page 42, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- the statements of service performance on pages 12 to 38:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2020, including:

- the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
- the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand; and

- the statement about capital expenditure for each group of activities on pages 43 to 47 presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's annual plan; and
- the funding impact statement for each group of activities on pages 43 to 47, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan and annual plans.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 74 to 78, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's long-term plan and annual plans.

Emphasis of matter - Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the District Council as set out in note 23 to the financial statements and page 12 of the non-financial performance information.

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.



The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statements of service performance, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 3 to 7, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit of the audited information and our report on the disclosure requirements, we performed a limited assurance engagement related to the District Council's Debenture Trust Deed which is compatible with those independence requirements. Other than this engagement, we have no relationship with, or interests in, the District Council.

John Whittall

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand



Statement of Service Performance

Community outcomes and well beings

The Council has in place a number of community outcomes it is seeking for the Carterton community. These are expressed as community outcome statements, and each group of activities contributes to all or some of those outcomes. All outcomes support the Council's vision for Carterton, expressed in the Ten-Year Plan, of "a welcoming and vibrant community where we all enjoy living".

Parliament has reintroduced into the Local Government Act (and the purpose of Councils) the "four well beings", meaning when Councils are carrying out their functions they should now make a significant contribution to social, economic, environmental and cultural well-being. The table below identifies how each activity the Council carries out contributes to outcomes and the well beings.

Group of activities	Community outcomes					Well beings			
	A strong community	A prosperous economy	A healthy natural and built environment	Quality, fit-for-purpose infrastructure	A strong and effective Council	Social	Economic	Environmental	Cultural
Governance	✓				✓	✓	✓	✓	✓
Community support	✓	✓	✓		✓	✓	✓		✓
Regulatory and planning		✓	✓		✓	✓	✓	✓	✓
Roads and footpaths		✓	✓	✓		✓	✓	✓	✓
Sewerage and the treatment and disposal of sewage			✓	✓		✓		✓	
Stormwater drainage			✓	✓			✓	✓	
Waste management			✓	✓			✓	✓	
Water supply and water races		✓	✓	✓		✓	✓	✓	



Groups of activities

Governance

This group of activities...

includes the following services and programmes:

- Council and Committees and other democratic processes.
- public communication, consultation, and information.

...contributes to the community outcomes

A strong community

A strong and effective Council

- by conducting Council business in an open, transparent, and democratically accountable manner.
- through democratic decision-making at a local level.
- by encouraging participation within the district.
- by representing the district's interests.

The Council's continued involvement in the Governance group of activities is contained in:

- Local Government Act 2002, which provides the Council with the power of general competence to undertake any business or activity given certain provisos.
- Electoral Act 2001.
- Local Government Official Information and Meetings Act 1987.

Section 14 of the Local Government Act 2002 sets out the principles that the Council must follow when performing its role. These are summarised as follows:

- conduct its business in an open, transparent, and democratically accountable manner.

- make it aware of and have regard to the views of the community.

When making decisions, the Council must:

- take account of the diversity of its community and its communities' interests, now and into the future.
- consider the likely impact of any decision on those interests.
- provide opportunities for Māori to contribute.

The Council must also:

- ensure prudent stewardship, and efficient and effective use of its resources.
- take a sustainable development approach, by taking into account the social, economic, environmental, and cultural interests of its community, now and in the future.

In addition to the Local Government Act, the Council has responsibilities and duties to perform under a number of other Acts, many of which are referred to in this document.

Examples of Council activities that contributed to achieving outcomes

- Regular meetings of the Council, its committees and working groups were held to address governance and strategic policy issues. The conduct of these meetings observed standing orders and reflected best practice.
- Engaged with the community in a range of ways: informal consultation events, service groups, business forums and individually.
- Undertook the residents' satisfaction survey that is conducted annually.
- Participation at the Wellington Region Mayoral Forum and Wairarapa fora.
- Attendance at the Zone 4 Local Government New Zealand meetings.
- Councillors' membership on a number of outside committees and groups, such as the Waiohine and Te Kāuru Floodplain Committees, Wellington Region Waste Forum, Group, and the Regional Climate Change Forum.
- Mayoral leadership through the Mayor's Town Centre Taskforce.
- Training in Tangata Tiriti and Te Reo.



Significant asset acquisitions or replacements, and variations from the Annual Plan

There were no significant asset acquisitions or replacements for governance activities during the year, or significant variations from the 2021 annual plan.

Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2021	Result 2021	Comment
Open and transparent conduct of Council business	Agenda is available on website 3 working days before each scheduled Council or Committee meeting	90%	100%	Achieved. Agendas for scheduled meetings of Council and Committees were available at least 3 working days before the meeting for 100% of the scheduled meetings. All were available in terms of statutory requirements. [2020: Achieved – 100%]
Representation of residents by elected members	Residents' satisfaction ¹ with the Council's overall governance and reputation	≥65% Rate 7-10	48%	Not achieved. In the Council's survey undertaken in 2021 48% of residents surveyed ² scored the overall governance and reputation of the Council 7-10 ³ . [2020: Not achieved 47%]
Effective monitoring of the financial and non-financial performance of the Council	The annual report is adopted within statutory timeframes, with an unqualified audit opinion	On time and unmodified	On time and unmodified	Achieved. The Annual Report was adopted on 17 November 2021 within revised statutory deadline of 31 December 2021 with no modifications. [2020: Achieved. Adopted by statutory deadline with an unmodified opinion.]
	Net cash flow from operations: actual-planned variance from budgeted	≤10%	348.5%	Not achieved. Cash obtained from operating activities reflects higher revenues than expected and lower operating expenditure than planned. [2020: Not achieved. Actual result was a positive 12.7% variance from budgeted]
Maori Engagement	Council engagement plans include specific actions for engagement with Māori	100%	100%	As well as the statutory engagement activities (Long Term Plan) engagement with Māori included the Five Towns Trails network development, Waitangi Day celebration, Charles Rooking Carter (Civic) Awards, Chief Executive Recruitment, Positive Ageing Strategy, Waste Water Treatment Plant Upgrade, Walking & Cycling Festival, Te Wiki O Te Reo Māori. [2020: 100%]
Risk Management	Appropriate risk management systems are in place	Yes	Yes	Risk management plans are in place with regular reporting to the Audit & Risk Committee. [2020: Yes – in place]

¹ Using a 1–10 scale where 1 means 'very poor' and 10 means 'excellent'

² Annual Residents Survey, Muirton Research, April 2021

³ Using a 1–10 scale where 1 means 'very poor', and 10 means 'excellent'

**Councillor meeting attendance records**

Councillor	Total Council meetings attended	Total Committee meetings attended
Mayor Greg Lang	7 of 7	20 of 21
Cr Rebecca Vergunst	7 of 7	12 of 12
Cr Steffen Bertram (<i>resigned 1 February 2021</i>)	4 of 4	6 of 6
Cr Robyn Cherry-Campbell	7 of 7	18 of 18
Cr Steve Cretney	7 of 7	13 of 13
Cr Brian Deller	7 of 7	13 of 13
Cr Jill Greathead	6 of 7	8 of 9
Cr Russell Keys	6 of 7	5 of 9
Cr Rob Stockley	7 of 7	9 of 9
Cr Dale Williams (<i>from 12 May 2021</i>)	2 of 2	3 of 3



Community support

This group of activities...

includes the following services and programmes:

Community development

- providing information, advice, and advocacy services to a wide range of people and community groups.
- providing grants to initiatives that support our strategic objectives.
- providing and supporting community facilities, amenities, and events.
- supporting projects that encourage people to develop skills and increase employment opportunities.
- supporting volunteer networks by providing volunteering opportunities.

Parks and reserves

- maintenance and ongoing development of Bird's, Carrington, Howard Booth, South End, Sparks, and Millennium Parks, Memorial Square, their facilities, and a number of small reserves.
- acquisition of land for the extension of the parks and reserves network.
- urban street mowing and maintenance of the various civic areas and recreation reserves scattered throughout the urban area.
- maintenance and ongoing development of the district's rural reserves.
- management of the Council's forestry assets at the Kaipaitangata and miscellaneous small roadside blocks.

Community amenities

- Carterton Events Centre
- Carterton Library
- Clareville Cemetery

- Outdoor Swimming Complex
- public toilets
- Carterton Holiday Park
- a number of Council-owned properties, some of which are leased.

...contributes to the community outcomes

A strong community

A prosperous economy

A healthy natural and built environment

A strong and effective Council

Quality fit for purpose infrastructure

Access to cultural and community development services builds social cohesion and contributes to overall cultural and social well-being. The Council contributes because it is part of the social fabric that makes the Carterton community vibrant and a great place to live in.

Providing grants supports a wide range of initiatives; encouraging healthy lifestyles, enhancing social cohesion, protecting people's health and safety, and ensuring people have access to basic needs.

Supporting volunteer networks retains knowledge, expertise and resources in the community.

Community facilities bring people together and help them to access opportunities. They also contribute to people's sense of belonging and pride.

The Events Centre ensures community organisations and user's needs are met, while balancing commercial use and the extra income it provides.

The focus Wairarapa Library Service in 2020/21 has been ensuring a consistent and modern library service across all four branches.



Under the New Zealand Libraries' Partnership Programme administered by the Department of Internal Affairs – National Library of New Zealand, the Libraries were fortunate to receive funding for six full time equivalent (FTE) positions until 30th June 2022. The positions' salaries, setup costs and programme delivery costs are fully covered by the Covid-recovery funding. The positions are ensuring adequate staff coverage to operate the libraries as well as the opportunity to develop and deliver a range of modern library services previously unable to be provided.

Parks and reserves make an important contribution to the well-being and lifestyle of the community. They provide areas for relaxation, sporting activities, and green and attractive open spaces in built-up areas. The Council's continued involvement in parks and reserves is contained in the Reserves Management Act 1977, which requires the Council to preserve and manage for the benefit and enjoyment of the public land for recreational use whether active or passive.

Economic growth is vital to the development of the district and region. The Council contributes to economic development initiatives to support business growth, employment, and tourism to the district and region.

The maintenance and operation of a range of properties contributes to the overall well-being of the district's community, and is important to the economic and social fabric of the district.

Examples of Council activities that contributed to achieving outcomes

- Distribution of grants to around 40 community organisations that benefit Carterton residents.
Continued our partnership provision of funding to Hurunui o Rangi Marae Partnership, Rangatahi ki Rangatira, Destination Wairarapa, Connecting Communities, Enviro-schools, Youth to Work Wairarapa (REAP).
- Annual scholarships to UCOL and Outward Bound.
- Facilitated community network meetings to encourage information sharing and collaboration to ensure comprehensive delivery of social services within Carterton.

- Participated in the Youth to Work Wairarapa and Mayor's Taskforce for Jobs partnerships with 53 work placements between October 2020 and June 2021.
- Ran free school holiday programmes for Carterton children.
- Continued to support the community garden in collaboration with R2R, Resilient Carterton, WaiArt and Wairarapa Herb Society.
- Supported the Carterton Ka Pai committee to develop a community led plan for Carrington Park.
- Continued implementation of the combined councils Positive Ageing Strategy.
- Continued support of the Waivaste volunteer food rescue initiative .
- Supported development of a Carterton Housing Action Plan.
- Distributed funding to support local arts projects and supported place making projects.
- Provided civic ceremonies to commemorate significant events and welcome new citizens.
- Provided a free venue for the delivery of social services.
- Provided community training for emergency preparedness.
- Enhanced neighbourhood connections through the provision of Neighbourhood Support.
- Provided affordable staging/lighting options for community events.
- Managed the Carterton Community Courthouse allowing more affordable meeting spaces for community groups.
- Supported fundraising events including Rotary Book fair, Big Wai Art Sale Carterton School, Age Concern Senior Expo, Holdsworth Restoration Trust Mountain Film Festival, Big Bike Film night, Rotary quiz night, Pack the Bus Christmas Collection.
- Continued to focus on providing a professional and seamless experience for Event Centre hirers and patrons.
- Established an inhouse ticketing platform that ensures income generated from fees stays in our district to offset operating costs.
- Attracted more quality events, partially due to restrictions on overseas travel.
- Promoting the ability to use the WLS library card at all four branches in Carterton and South Wairarapa District.
- Establishing a comprehensive collection development and management policy and process which has resulted in increased collection items, including e-books, audio books, e-magazines and large print.



- Establishing programmes which focus on literacy building, with opportunities being offered across all branches. Programmes have included pre-school story-time, oral history and podcasting workshops, STEM and digital skills workshops, job seeker skill-building.
- Proactively developing partnerships with external organisations such as Age Concern, Justices of Peace, and Digital Seniors to enable regular sessions through the libraries.
- Upskilling staff in foundational library practices and systems.
- Streamlining the background business processes and systems in operation across the libraries.
- Securing agreement to move to a library management system which will enable WLS to actively collaborate with regional partners in the provision of public library services.
- Adopted a new Reserve Management Plan outlining how we manage our parks and reserves.
- Constructed two practice run up pads at the cricket nets at Carrington Park.
- Installed "Red Chairs" on concrete pads.
- Resurfaced public tennis courts and completed line marking for tennis and netball.
- Upgraded the power infrastructure under the Band Rotunda.
- Added new limestone paths around the play area at Howard Booth Park, and installed signage display boards.
- Mill Grove Reserve received 70 trees and shrubs planted.
- Utilised the steam machine throughout the year as a non-chemical weed control method.
- Welcome to Carterton Daffodil on the southern district boundary of SH2 has been upgraded.
- Two green composting toilets were installed at Gladstone Reserve.
- The Kokotau Reserve carpark was re-metalled.
- Three new burial berms were constructed at Clareville Cemetery.
- Keep Carterton Beautiful Group (KCBG) continued to assist weeding and upkeep of reserves, painting assets and general maintenance.

Significant asset acquisitions or replacements, and variations from the Annual Plan

There were no significant asset acquisitions or replacements, or significant variations from the 2021 annual plan.



Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2021	Result 2021	Comment
A range of amenities of a standard satisfactory to residents	Residents satisfaction with the swimming pool	≥75% rate 7-10	81%	Achieved. In the survey undertaken in 2021, 81% of those respondents who had visited the pools in the last twelve months ⁴ rated their satisfaction in the range of 7–10 ⁵ . [2020: Achieved 82%]
	Residents satisfaction with public toilets	≥75% rate 7-10	70%	Not achieved. In the survey undertaken in 2021, 70% of those respondents who had visited public toilets in the last twelve months ⁶ rated their satisfaction in the range of 7–10 ⁷ . [2020: Not achieved 64%]
	Residents satisfaction with services provided at the Library	≥75% rate 7-10	93%	Achieved. In the survey undertaken in 2021, 93% of those respondents who had visited the library in the last twelve months ⁸ rated their satisfaction in the range of 7–10 ⁹ . [2020: Achieved 92%]
High quality sports fields, parks, and reserves	Residents satisfaction with the provision of open space, amenities and gardens	≥75% rate 7-10	87%	Achieved. In the survey undertaken in 2021, 87% of those respondents who had visited a council-maintained park or reserve in the last twelve months ¹⁰ rated their satisfaction in the range of 7–10 ¹¹ . [2020: Achieved 77%]
Events Centre usage	Year-on-year increase in the number of bookings	≥10%	31%	Achieved. Bookings for use of the facilities at the Events Centre during 2021 were 31% higher than the prior year. Bookings in 2020 were impacted by Covid-19 measures. [2020: Not achieved, no increase to prior year (impacted by Covid-19)]

⁴ Annual Residents Survey, Muirton Research, April 2020

⁵ Using a 1–10 scale where 1 means 'very dissatisfied', and 10 means 'very satisfied'

⁶ Annual Residents Survey, Muirton Research, April 2020

⁷ Using a 1–10 scale where 1 means 'very dissatisfied', and 10 means 'very satisfied'

⁸ Annual Residents Survey, Muirton Research, April 2020

⁹ Using a 1–10 scale where 1 means 'very dissatisfied', and 10 means 'very satisfied'

¹⁰ Annual Residents Survey, Muirton Research, April 2020

¹¹ Using a 1–10 scale where 1 means 'very dissatisfied', and 10 means 'very satisfied'



Regulatory and planning

This group of activities...

includes the following services:

- Administration of the responsibilities imposed on the Council under the Resource Management Act 1991, the primary focus being the management of the effects of activities on the environment according to the rules set out in the District Plan.
- Oversight of the building control functions of both the Territorial Authority's (TA) and Building Consent Authority's (BCA) regulatory responsibilities within the Council. Both BCA and TA requirements are set out under the Building Act 2004 with specific requirements for the BCA in the Building (Accreditation of Building Consent Authorities) Regulations 2006.
- Maintenance and development of the Council's Geographic Information System (GIS), which provides a cadastral mapping database that graphically depicts property and road boundaries, and holds valuable data about each property in the district, e.g. location of sewer and water connections, fault lines, and resource consents.
- Environmental health including administration of the Food Act 2014, noise control, trade waste, and potable water monitoring.
- Licensing the sale and supply of alcohol under the Sale and Supply of Liquor Act 2012.
- Civil defence and emergency management.
- Animal management.

...contributes to the community outcomes

A safe district

A healthy district

A district that values and protects its natural environment

The Resource Management Act places specific statutory functions on territorial authorities to promote the sustainable management of natural and physical resources.

Appropriate policy and programmes are promoted and implemented to ensure minimal adverse effect on the environment.

The Building Act sets out standards to ensure that people who use buildings can do so safely and without endangering their health. There are other legislative requirements to provide and manage that are important for the health and safety of the district's community and environment including the monitoring of air quality, drinking water, and food safety.

A prosperous economy

A healthy natural and built environment

Quality fit for purpose infrastructure

A strong and effective Council

The regulatory and planning group of activities benefits every resident and society in general by promoting sustainable development, whilst encouraging development to occur in a way that benefits the district and region.

The District Plan balances environmental safeguards and protection for natural assets in conjunction with the rights of property owners wishing to undertake property development.

Community infrastructure needs are included in the District Plan guidelines for new development.

The Council's continued involvement in the regulatory and planning group of activities is contained in a range of legislation, including:

- Local Government Act 2002, which provides the Council with the power of general competence to undertake any business or activity given certain provisos, e.g. the making of bylaws.
- Resource Management Act 1991 and subsequent amendments, which require the Council to sustain the potential of natural and physical resources to meet the reasonable and foreseeable needs of the next generation.



- Building Act 2004 and regulations, which sets out the roles and responsibilities of the BCA, TA, owner, builder designer, and product manufacturer.
- Health Act 1956 and amendments, which require the Council to improve, promote and protect public health.
- Sale and Supply of Alcohol Act 2012, which requires the Council to enforce safe and responsible sale, supply, and consumption of alcohol in the Carterton district.
- Civil Defence Emergency Management Act 2002, which requires the Council to plan adequately for emergencies and for response and recovery in the event of an emergency.
- Dog Control Act 1996 and amendments, which require the Council to put measures in place to control dogs in public places, through registration, prevent nuisances and ensure public safety.
- Bylaws Act 1910 is an enabling act that allows Council to undertake, monitor or restrict a number of actions.

Changes in the level of service will impact on funding requirements, and vice versa.

Examples of Council activities that contributed to achieving outcomes

- Membership of the regional BCA group and Simpli alignment of Councils.
- Ongoing accreditation following audit of the BCA by International Accreditation New Zealand.
- Resource management and planning including consent processing.
- In combination with South Wairarapa District Council and Masterton District Council have begun a review of the Wairarapa Combined District Plan.
- Building consent processing.
- Membership and funding support to the Wellington Region Emergency Management Group.
- Membership of the Wairarapa Coordinated Emergency Management Group.
- Active training for roles in the Emergency Operation Centre.
- resilience work across all three Councils under the WELA umbrella.
- Regular inspection and support to all food and alcohol outlets.

Significant asset acquisitions or replacements, and variations from the Annual Plan

There were no significant asset acquisitions or replacements, or significant variations from the 2021 annual plan.



Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2021	Result 2021	Comment
Timely processing of applications	LIMs ¹² processed within 10 working days	100%	100%	Achieved. All 178 LIMs processed were completed within the 10-day statutory timeframe. Average process time was 6 days. [2020: Achieved. 114 LIMs processed; average processing time 7 days]
	Non-notified and notified resource consents processed within statutory timeframes	100%	95%	Not achieved. 58 resource consents were processed during the year, all but 3 were completed within statutory timeframes due to workload and illness. [2020: Achieved. 53 resource consents, 100% within statutory timeframes]
	PIMs and building consents processed within statutory timeframes	100%	93%	Not achieved. 386 building consents and PIMs were processed during the year. 358 were processed within the statutory time frame (93%). Staff constraints prevented the timely completion of 26 consents and PIMs and technical difficulties prevented the timely completion of two consents. The average processing time was 14 days. [2020: Not achieved. 380 Building consents and PIMs, 96.8% within statutory timeframes]
Safe and healthy food premises	Known food premises in the district have food control measures in place	100%	100%	Achieved. 60 food premises/organisations have been monitored, ensuring current licensing and registration under health legislation. [2020: Achieved 100%]
Licensed liquor outlets	Known liquor outlets ¹³ in the district have appropriate licences and certificates	100%	100%	Achieved. 7 on-licences, 9 off-licences, 1 club licences, 17 special licences and 52 manager's certificates were issued covering 69 organisations/premises involved in the sale of liquor. [2020: Achieved 100%]

¹² Land Information Memorandums

¹³ This includes the venue for an event



Roads and footpaths

This group of activities...

Includes the management and operation of a safe and efficient roading and footpath network that serves the needs of the Carterton district. The network comprises roads, footpaths, street lighting, and road signs. The Council also contributes funding for the Wairarapa Road Safety Council.

...contributes to the community outcomes...

A prosperous economy

A healthy natural and built environment

Quality fit for purpose infrastructure

The roading and footpath network benefits every resident in the district and society in general and are essential for the social, economic and cultural well-being of the district and region.

Under the Local Government Act 2002, the Council controls all roads and streets in the district except State Highway 2.

A well-maintained reliable roading network supports the economic vibrancy of the district and region by the efficient transport of goods from business to business.

Residents and visitors feel safe when the roads, streets, footpaths, and street lighting are well-maintained and reliable.

Recreation opportunities in the district are supported by well-maintained, reliable and safe roads to recreation areas and for recreational activity.

Public road safety education programmes and campaigns through the Wairarapa Road Safety Council support community lifelong learning and improved safety of the public.

The district roading network is managed under the *Roading Activity Management Plan 2014* that sets out the targets for asset condition, performance, and levels of service.

The levels of service for the roading network have been developed taking into account the following general considerations:

- community expectations and the Council's response to the customer feedback.
- legislative requirements, e.g. Land Transport NZ Act 1989.
- sustainable economic and safety matters embodied in the community outcomes.
- community affordability.

The level of service determines the amount of funding that is required to maintain, renew, and upgrade the road infrastructure to provide customers with the level of service provided. Changes in the level of service will impact on funding requirements.

Examples of Council activities that contributed to achieving outcomes

- The collaboration of Fulton Hogan, South Wairarapa District Council and Carterton District Council under the banner of 'Ruamāhanga roads' continues.
- Completion of the approved subsidised roading programme, being the final year in the 2018/21 3-year programme.
- There were a total of 123 structural bridge inspections undertaken.

Significant asset acquisitions or replacements, and variations from the Annual Plan

Nearly all of the roading work was 'normal operations' work undertaken as per the existing contractual obligations. Emergency work from weather incidents was the only exception to that, which was not significant.



Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2021	Result 2021	Comment
Safe roads	Change from previous year in number of fatal and serious injury crashes on local road network ¹⁴	Fatal: decrease or ≤1 increase, Serious injury: decrease or ≤3 increase	0 fatal 4 serious injury crashes	Achieved. During 2020/21 there were no fatal crashes and four serious injury crashes. There were moderate and minor injuries crashes reported which are outside the measures. [2020: Not achieved. There were two fatal crashes and nine serious injury crashes]
Up-to date, 'fit for purpose' network and facilities	Compliance with maintenance contract response times	90%	82%	Not achieved. Of the 178 requests to the contractors, 146 or 82% were responded to within the contract response time. [2020: Not achieved 85%]
	Average quality of ride on the sealed local road network, measured by smooth travel exposure	≥90%	98%	Achieved. The percentage of travel (Vehicle Kilometres Travelled) on smooth roads of the sealed local road network is measured every 2 years (last in 2020). It is expected not to deteriorate significantly in a year. [2020: Achieved 98%]
	Percentage of sealed road network that is resurfaced	≥5%	3.5%	Not achieved. 10.3km (3.5%) of the 294km of sealed roads were resurfaced. [2020: Not achieved 12.7km or 4.3%.]
	Percentage of footpaths compliant with condition standards	≥95%	99.1%	A condition rating survey was undertaken in July 2019 with results identifying 99.1% of footpaths scored a condition grading of 1-3 (good condition). [2020: Achieved. 99.1% of footpaths scored a condition grading of 1-3 (good condition)]
	Residents satisfaction with the district's roads, cycleways, and walkways	≥55% rate 7-10	40%	Not achieved. In the survey undertaken in 2021, 52% of the respondents ¹⁵ rated their satisfaction of the availability of footpaths in the range of 7-10 ¹⁶ and 43% rated their satisfaction with the maintenance of footpaths in the range 7-10. Overall, 40% of respondents rated their satisfaction with the district's roads, cycleways, and walkways in the range of 7-10. [2020: Not achieved 42%]
Easy-to-see and understood traffic signs and markings	Regulatory signs repaired or replaced within 2 days of advice of a fault	≥95%	46%	Not achieved. A response rate of 46%; of the 13 regulatory signs repaired or replaced 7 were outside the response time. [2020: Not achieved. A response rate of 50%.]

¹⁴ Source: NZTA's Crash Analysis System

¹⁵ Annual Residents Survey, Muirton Research, April 2021

¹⁶ Using a 1-10 scale where 1 means 'very dissatisfied', and 10 means 'very satisfied'



The service broken down into measurable components	Performance measure	Target 2021	Result 2021	Comment
	Non-regulatory signs repaired or replaced within 21 days of advice of a fault	≥70%	61%	Not achieved. A response rate of 71%; of the 36 non-regulatory signs faults advised, 22 were repaired within the 21 days. The remaining 14 were not repaired within the timeframe [2020: Not achieved. A response rate of 63%]
	Road signs and markings found missing or not visible	≤5%	3.2%	Achieved. A rate of 3.2%; of the 3,011 road signs or markings within the district, 97 road signs or markings were found to be missing or not visible in the six-monthly inspections. [2020: Achieved 4.9%]
Lighting for safety, navigation, and security	Street lighting faults are repaired within 2 weeks	100%	80%	Not achieved. Of 15 fault reports and public complaints related to footpaths, 12 were responded to within 2 working days (80%). Not all were acknowledged within the time frame of two days due to either resource scheduling (involving the contractors) or time necessary to assess the reported fault. [2020: Not achieved 75%]
Response to service requests	Service requests relating to roads and footpaths responded to within 10 days	≥70%	80%	Achieved. Of 117 service requests, 94 responded to within 10 days (80%). Those not responded to within the time frame of ten days due to either resource scheduling (involving the contractors) or time necessary to assess the reported fault. All fault reports and public complaints are recorded as service requests. [2020: Achieved. A response rate of 80%]



Sewerage and the treatment and disposal of sewage

This group of activities...

includes the management of the urban reticulated sewerage system, pumping stations, sewage treatment plant, sewage disposal service for the Waingawa Industrial Zone, and the management of the impact of any discharge into the environment.

...contributes to the community outcomes

*A healthy natural and built environment
Quality fit for purpose infrastructure*

The urban reticulated sewerage system and treatment facilities contribute to a range of objectives. Effective collection and disposal of treated sewage contributes to community health and minimises public health risk. Effective sewerage reticulation supports a vigorous residential and commercial community. Reticulation and sewage treatment infrastructure capable of meeting resource consent requirements minimises adverse impact on the environment.

The Council's continued involvement in sewerage and the treatment and disposal of sewage, and associated ownership of assets, is contained in the:

- Local Government Act 2002 (Section 130), which requires the Council to continue to provide wastewater and sanitary services and maintain its capacity to do so.
- Health Act 1956 and subsequent amendments, which require the Council to provide adequate sanitary works, the definition of which includes 'sanitary services'.
- Resource Management Act that sets out the principles under which the disposal of waste water may take place.

The urban reticulated sewerage network is managed under the *Asset Management Plan – Municipal Wastewater Treatment and Disposal: March 2015*, which sets out the targets for asset condition, performance, and levels of service.

In Waingawa, sewerage services are provided by Carterton District Council, who has an agreement with Masterton District Council to treat and dispose of the sewage.

The level of service for the sewerage and treatment infrastructure has been developed taking into account the following general considerations:

- community expectations and the Council's response to customer feedback.
- legislative and consent requirements.
- sustainable health and environmental matters embodied in the community outcomes.
- community affordability.

The level of service determines the amount of funding that is required to maintain, renew, and upgrade the sewerage infrastructure to provide customers with the level of service provided. Changes in the level of service will impact on funding requirements.

Examples of Council activities that contributed to achieving outcomes

- Reporting to Greater Wellington Regional Council (GWRC) on resource consent conditions.
- The continued upgrade and renewal of the sewer reticulation network.
- Provision of reticulated sewerage services to the Waingawa Industrial Zone by agreement with Masterton District Council.
- Ongoing work in connection with the Wastewater pond storage construction work.



Significant asset acquisitions or replacements, and variations from the Annual Plan

Construction of the storage reservoirs began in 2018, along with the realignment of the wetlands and associated ephemeral waterways that entailed the relocation of native fisheries.

Work continues with mains replacement or upgrade involving system links throughout the network.

Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2021	Result 2021	Comment
System and adequacy	Number of dry weather sewerage overflows per 1,000 connections	≤5	1.13	Achieved. There were 3 dry weather sewerage overflows during the year. Calculated per 1,000 connections, this is 1.13. [2020: Achieved, no dry weather sewer overflows during the year]
Management of environmental impacts	Number of abatement notices	≤1	0	Achieved. No abatement notices were issued by GWRC. [2020: Achieved, none]
	Number of infringement notices	0	0	Achieved. No infringement notices were issued by GWRC. [2020: Achieved, none]
	Number of enforcement orders	0	0	Achieved. No enforcement notices were issued by GWRC. [2020: Achieved, none]
	Number of convictions	0	0	Achieved. No prosecution actions against the Council were taken by GWRC. [2020: Achieved, none]
Response to sewerage system faults	Median attendance time	≤1 hour	0.55 hours	Achieved. There were 26 incidents recorded as service requests with a median time for response of 33 minutes. 17 were responded to within 1 hour of being reported. [2020: Achieved, response time of 0.5 hours]
	Median resolution time	≤4 hours	2.28 hours	Achieved. The median to resolve an incident from when first reported was 2 hours 17 minutes; a rate less than 4 hours. 26 incidents occurred: 20 took less than 4 hours to resolve, 5 between 4 hours and 1 day to resolve; and 1 took 2 days to be resolved. [2020: Achieved. The median was 3.25 hours]



The service broken down into measurable components	Performance measure	Target 2021	Result 2021	Comment
Customer satisfaction	Total number of complaints received per 1000 properties connected	≤20	10	Achieved. The 26 service requests received relating to sewage and sewerage was effectively a rate of 10.03 requests per 1000 connections. [2020: Achieved. A rate of 7 per 1000 connections]
	Residents satisfaction with the town's sewerage system	≥75% rate 7-10	75%	Achieved. In the survey undertaken in 2021, 75% of those respondents who had used the town's sewerage system in the last twelve months ¹⁷ rated their satisfaction in the range of 7–10 ¹⁸ [2020: Achieved. 80%]

¹⁷ Annual Residents Survey, Muirton Research, April 2020

¹⁸ Using a 1–10 scale where 1 means 'very dissatisfied', and 10 means 'very satisfied'



Stormwater drainage

This group of activities...

includes managing the urban stormwater system (including street kerb collection and piped and open drains) and identifying flood prone areas, reviewing known trouble areas and developing cost-effective solutions.

...contributes to the community outcomes

A healthy natural and built environment

Quality fit for purpose infrastructure

The Council provides the stormwater system to provide effective collection and disposal of surface water from various areas that are serviced within the Carterton urban area.

Complying with resource consents protects the environment and ensures the resource is being used sustainably.

Residents feel safe as the possibility of flooding during storm events is reduced and they know that their enquiries will be responded to in a specified time frame.

Infrastructure is capable of reducing the impacts of flooding to people and property.

Development is managed to ensure appropriate provision for stormwater drainage.

The urban reticulated stormwater network is managed under the Stormwater Asset Management Plan which sets out the asset condition, performance, and levels of service.

The levels of service for the stormwater asset have been developed taking into account the following general considerations:

- community expectations and the Council's response to customer feedback.
- consent requirements.
- sustainable health and environmental matters embodied in the community outcomes.
- community affordability.

The level of service determines the amount of funding that is required to maintain, renew and upgrade the stormwater infrastructure to provide customers with the level of service provided. Changes in the level of service will impact on funding requirements.

Examples of Council activities that contributed to achieving outcomes

- Continued upgrades to the urban stormwater systems contributed to no more than minor flooding events occurring within the urban area.

Significant asset acquisitions or replacements, and variations from the Annual Plan

The planned significant capital works item, the diversion of Waikākāriki Stream, was further deferred until 2023/24. Work will follow the completion of the Mangatarere Flood Management Plan.

There were no other significant asset acquisitions or replacements during the year, and no other variations from the 2021 Annual Plan.



Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2021	Result 2021	Comment
System and adequacy	Number of flooding events	≤1	None	No flooding events recorded. A flooding event is where a residential or commercial floor-space is flooded. [2020: Achieved, none]
	For each flooding event, the number of habitable floors affected, per 1000 properties connected	≤1	None	There were no flooding events. [2020: Achieved, none]
Management of environmental impacts	Number of abatement notices	0	0	Achieved. No abatement notices were issued by GWRC. [2020: Achieved, none]
	Number of infringement notices	0	0	Achieved. No infringement notices were issued by GWRC. [2020: Achieved, none]
	Number of enforcement orders	0	0	Achieved. No enforcement notices were issued by GWRC. [2020: Achieved, none]
	Number of convictions	0	0	Achieved. No prosecution action taken against the Council by GWRC. [2020: Achieved, none]
Response to stormwater system issues	The median response time to attend a flooding event	≤3 hours	None	Achieved. There were no flooding events in 2020/21. 5 blockages or overflows (i.e. service faults) were reported and resolved. Blockages or overflows occur within the stormwater/drainage system as a consequence to adverse weather events. Such incidents are upgraded to a flooding event where those blockages or overflows impact upon residential or commercial buildings. [2020: Achieved, none]
Customer satisfaction	Total number of complaints received per 1000 properties connected	≤10	2	Achieved. The 5 service requests received relating to stormwater was effectively a rate of 1.83 requests per 1000 connections. Most service requests report a blockage or minor flooding. A blockage that keeps happening through lack of capacity or maintenance is considered an issue for complaint. [2020: Achieved. The rate is 2.26 per 1000 properties]
	Residents satisfaction with the town's stormwater system	≥60% rate 7-10	53%	Not achieved. In the survey undertaken in 2021, 53% of those respondents who had used the town's stormwater system in the last twelve months ¹⁹ rated their satisfaction in the range of 7–10 ²⁰ [2020: 60%]

¹⁹ Annual Residents Survey, Muirton Research, April 2021

²⁰ Using a 1–10 scale where 1 means 'very dissatisfied', and 10 means 'very satisfied'



Waste management

This group of activities...

includes the following services:

- management of the Dalefield Road Transfer Station facilities.
- provision of a weekly kerbside refuse and recycling collection.
- daily collection of refuse from street refuse bins in the CBD and other public spaces.
- promotion of waste minimisation and recycling.

...contributes to the community outcomes

A healthy natural and built environment

Quality fit for purpose infrastructure

Waste management is essential for the health, well-being and quality of life of the Carterton community.

A regular kerbside collection and transfer station service for the disposal of residual solid waste minimises environmental impacts and protects the health of Carterton residents.

The level of residual waste is further reduced through the adoption of waste minimisation practices and promotion.

An accessible transfer station protects the environment by minimising fly dumping.

There is a legislative requirement in terms of the Local Government Act 2002, for the Council to:

- encourage efficient and effective waste management services.
- ensure that management of waste does not cause a nuisance or be injurious to public health.

- consider the issues related to sustainability of its waste management activities and achieve improved collaboration with its communities and other agencies.
- adopt a Waste Management Plan via the special consultative procedure.

The Council provides a weekly kerbside residual waste and recycling collection service and transfer station facilities at Dalefield Road. The Transfer Station provides for green waste disposal, steel and general recycling facilities as well as residual waste disposal. Access to the Transfer Station is available two hours per day, six days per week.

Residual waste is currently freighted to a landfill site in Marton. Current arrangements for waste management involve all three Councils in the Wairarapa jointly contracting with a single provider for management of residual waste and recycling collection service and recycling depot/transfer station facilities.

The level of service determines the amount of funding that is required to maintain, renew and upgrade the waste management service to provide customers with the level of service provided. Changes in the level of service will impact on funding requirements.

Examples of Council activities that contributed to achieving outcomes

- Weekly kerbside refuse and recycling collection for residents in the urban area.
- Provision of a transfer station and recycling depot. Residual waste is transferred to a landfill at Marton.
- A joint Wellington region Waste Management and Minimisation Plan is in operation.
- Regional Zero Waste Advisor appointed, jointly funded by Wairarapa councils, undertaking promotional activity to encourage waste reduction, and identifying actions for reducing greenhouse gas emissions.
- Zero Waste Advisor attended the Wellington region Waste forum collective meetings with the Territorial Authorities.
- Attends the Earthcare Waste Contract Management meeting with the three TA waste managers.
- Represented the Wairarapa at the Wellington Region WMMP Collective meeting.



- Liaised with Kate Meads - the Waste Free Parenting workshops, and Nic Turner (Mainstream Green) including being the point of contact, ensuring adequate marketing and communications is coordinated between the three councils.
- Represented the three councils with promoting the NZ Love Food Hate Waste initiatives.
- Implemented the four waste stream initiatives as per the LTP process.
- Implementation of increased capacity of kerbside recycling with wheelie bins for recycling.
- Represented the Wairarapa at the yearly WasteMinz conference.
- Worked with Enviroschools to collaborate and attended meetings as the TA representative for Wairarapa.
- Attended the WREEF (Wellington Region Environmental Education Forum) meetings.
- Facilitated education workshops with school visits to Transfer sites in collaboration with Earthcare.
- Coordinated and facilitated community workshops to inform the public around waste management.
- Created an action plan in relation to the Wairarapa Waste Minimisation plan
- Educated the public in the 3R's (Reduction, Re-use and Recycling).
- Ensured all programmes respect the Kaitiakitanga role of tangata whenua.
- Promoted waste free events – promoting community recycling bins, with the Reducing Waste at your Event and Event Packaging Guidelines a collaboration with Wellington Region Councils supported with workshops.
- Encouraged waste free packaging – including facilitating initiatives such as a plastic bag ban for a month in all communities.
- Promoted the Councils' waste minimisation policies to the public throughout the district and in the wider Wairarapa.
- Promoted Waste related celebration weeks i.e. Keep NZ Beautiful, NZ recycling week, Conservation week, Sustainability week, Plastic Free July.
- Promoted Marae/Iwi/Hapu based waste minimisation projects and initiatives such as Para Kore.
- Collaboration with Climate Change Advisor delivering internal workshops within council about the effects of waste in the workplace.
- MFE Submissions made for the Waste Levy Expansion, Plastic Bag Ban, Hard to Recycle Plastics, Product Stewardship.

- Represented Wairarapa at Waste Forum meetings held quarterly, hosting one of those at Carterton.
- Collaboration of promotion of the Sort Waste website across the 8 Wellington region councils.
- Implemented the Zero Waste Education programme.
- Appointed a Zero Waste Educator.

Significant asset acquisitions or replacements, and variations from the Annual Plan

There were no significant asset acquisitions or replacements during the year, and there were no significant variations from the 2021 Annual Plan.



Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2021	Result 2021	Comment
Refuse and recycling services of a satisfactory standard	Resident's satisfaction with waste disposal services	≥75% Rate 7-10	70%	Not achieved. In the survey undertaken in 2021, 84% of the respondents ²¹ rated their satisfaction with the kerbside rubbish in the range of 7–10 ²² and 74% rated their satisfaction with the kerbside recycling collection in the range of 7–10. Overall, 70% of respondents rated their satisfaction with all waste management services in the range of 7–10. [2020: Not achieved 69%, with refuse collection 84% and kerbside recycling 73%]
Adverse effects of waste on the environment are minimised	Compliance with resource consent conditions including compliance monitoring	100%	One non-compliant	Not achieved. Groundwater sampling adjacent to the Landfill has shown to exceed some consent conditions. The source of this contamination may not be totally related to the landfill activity given the past use of approximately 1.5ha of unlined area of the landfill site for irrigation of wastewater until 2013 and adjoining agricultural and horticultural activities. More recent steps were taken to capture and treat leachate from these lined landfill deposits. Similar steps are not possible with the unlined deposits due to the nature of that dumping. Discussions with GWRC continue for a consent that permits the low-level discharge in this uncapped area. [2020: Not achieved. One non-compliant]

²¹ Annual Residents Survey, Muirton Research, April 2021

²² Using a 1–10 scale where 1 means 'very dissatisfied', and 10 means 'very satisfied'



Water supply

This group of activities...

includes the following services:

- management of the district's urban water reticulation and treatment facilities.
- promotion and education of water conservation methods.
- provision of potable water to the Waingawa Industrial Zone.
- management of the Carrington and Taratahi Water Races for stock use, non-potable, domestic and industrial use, rural fire fighting, and stormwater control.

...contributes to the community outcomes

A healthy natural and built environment

Quality fit for purpose infrastructure

Economic development prospects are enhanced by an affordable and reliable water supply.

Water is an essential commodity for farming and for business viability. A reliable water service is important for business viability and animal health. A reliable water supply is a requirement for the efficient operation of existing and new business infrastructure.

The safety of the district's property is protected by providing water at an appropriate pressure to put out fires. The fire-fighting capability of the rural water service supports a safe community. It also supports community and property safety through the fire-fighting capacity of the system.

A public water supply system provides water suitable for drinking for the general well-being and health of its community. A high-quality water supply is fundamental to community health. Water that complies with Drinking Water Standards provides the community with assurance it is safe and healthy to drink.

The adoption of conservation-based strategies encourages appropriate usage of the water resource. Collective ownership of resources will reduce the environmental impact of multiple individual systems. The environment is protected by providing a community supply with parameters around consumption rather than individuals being left to source their own water supplies.

A sustainably derived rural water service managed to protect and enhance the natural environment. Complying with resource consents protects the environment and ensures the resource is being used sustainably.

The Council's role is to ensure that the community has an adequate water supply that is sustainable for future generations and does not adversely affect the environment.

The Council's continued involvement in the water activity and ownership of assets is contained in:

- Local Government Act 2002 (Section 130), which requires the Council to continue to provide water services and maintain its capacity to do so
- Health Act 1956 and subsequent amendments, which require the Council to provide adequate sanitary works; the definition of which includes 'water works'.

The urban reticulated water network is managed under the *Asset Management Plan — Municipal Water Supply: March 2015*, which sets out the targets for asset condition, performance, and levels of service.

The urban water supply services the Carterton urban community, a number of rural properties on the periphery of the urban boundary and properties along SH2 North to Chester Road and part way up Chester Road.

The Council's role is to ensure that property owners and businesses who have access to the Carrington and Taratahi Water Race system have an adequate supply of non-potable water that is sustainable and does not adversely affect the environment.

In Waingawa, potable water services is supplied by the Masterton District Council.



The levels of service for the water supply asset have been developed taking into account the following general considerations:

- community expectations and the Council's response to customer feedback.
- legislative requirements, e.g. Drinking Water Standards.
- sustainable health and environmental matters embodied in the community outcomes.
- community affordability.

For example, legislative requirements and public health objectives have driven the capital works programme to enhance treatment. Sustainability objectives have driven the need to minimise leakage of treated water from the reticulation system and the introduction of water metering.

A sustainable, safe, and healthy water supply is delivered at an appropriate water pressure to properties permitted to be connected to the urban water supply at the lowest possible cost to maintain the service.

The level of service determines the amount of funding that is required to maintain, renew, and upgrade the urban water infrastructure to provide customers with the level of service provided. Changes in the level of service will impact on funding requirements. The rural water service is under the oversight of the Water Race Committee, which is made up of councillors and community members elected by water race users. The Committee determine policy, sets targets for maintenance, and monitors the proactive cleaning programme.

Examples of Council activities that contributed to achieving outcomes

- Universal electronic water metering of the urban reticulated water supply has assisted in identification of leaks on private property pipes and subsequent repair.
- Provision of water for stock farming, industrial, horticulture, and viticulture businesses through the water race network
- Provision of reticulated water services to the Waingawa Industrial Zone by agreement with Masterton District Council
- Continued monitoring and upgrading of the potable water supply network.

Significant asset acquisitions or replacements, and variations from the Annual Plan

- Significant work was undertaken in addressing the low level E.coli readings from the potable water network.
- Upgrades to the Frederick Street treatment plant have continued. The DIA grant funding has allowed for some of this work to be brought forward from the planned timeframe.



Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2021	Result 2021	Comment
Safety of drinking water	Compliance with part 4 of DW Standards (bacteriological requirements)	Full compliance	Non-compliance	Not Achieved. Kaipaitangata Treatment Plant – non-compliant: <ul style="list-style-type: none"> Issues arising from a delay in certification of Ultra Violet (UV) treatment equipment. Potential issue of turbidity exceeding limits however staff confirmed the plant shuts down if the turbidity is excessive keeping the drinking water safe. Frederick Street Treatment Plant – non-compliant: <ul style="list-style-type: none"> Inadequate records provide challenges demonstrating compliance. Issues arising from a delay in certification of UV treatment equipment. [2020: Not achieved]
	Compliance with part 5 of DW Standards (protozoal requirements)	Full compliance	Non-compliance	Not achieved. Frederick Street Treatment Plant – full compliance. Kaipaitangata Treatment Plant – non-compliant: <ul style="list-style-type: none"> UV disinfection, turbidity exceeded limits. [2020: Not achieved]
Maintenance of the reticulation network	Real water loss from networked reticulation system	≤45%	38%	Achieved. The water loss as calculated by the recommended methodology is 37.84%, representing 289.25 litres per service connection per day. Improvement of the reticulation system through replacement and refurbishment is expected to reduce real water losses over time. Monitoring of the network condition will identify where that work will occur. Flushing to maintain service levels is measured and included. This year there was significant additional flushing related to addressing the E.Coli readings. [2020: Achieved. 30% or 200 litres per service connection per day]



The service broken down into measurable components	Performance measure	Target 2021	Result 2021	Comment
Fault response times	Median time to attend urgent call-outs	≤2 hours	0 hours	Achieved. There were no urgent callouts in 2020/21. An urgent call-out is where there is a complete loss of water supply. [2020: Achieved, 15 minutes]
	Median time to resolve urgent call-outs	≤4 hours	0 hours	Achieved. There were no urgent callouts in 2020/21. [2020: Achieved, 1.6 hours]
	Median time to attend non-urgent call-outs	≤12 hours	3.85 hours	Achieved. There were 141 non-urgent callouts during 2020/21. The median time to attend the callouts was 3 hours and 51 minutes. [2020: Achieved, 1.6 hours]
	Median time to resolve non-urgent call-outs	≤24 hours	17.25 hours	Achieved: The median time to resolve a non-urgent call out from when first reported was 17 hours 15 minutes. There was one non-urgent callout not resolved at year-end [2020: Achieved. The median was 5 hours]
Customer satisfaction	Number of complaints received per 1000 connections	≤15	1.45	Achieved. We had four complaints during 2020/21 that related to water quality (colour, turbidity or odour). Effectively a rate of 1.45 complaints per 1000 connections. [2020: Achieved. Effective complaint/service request rate relating to water quality is 1.13 complaints per 1000 connections]
Demand management	Average consumption of drinking water per day per resident within the district	≤400 litres	400 litres	Achieved. 399.58 litres per resident serviced by urban water supply, inclusive of water losses; 248 litres per resident excluding water losses. [2020: Achieved. 357.45 litres per resident]
Urban water system of a satisfactory standard	Resident's satisfaction with their household water supply	≥75% rate 7-10	49%	Not achieved. In the survey undertaken in 2021, 49% of the respondents ²³ connected to the urban water supply rated their overall satisfaction with household water supply in the range of 7–10 ²⁴ . Survey comments suggest the decreased result was influenced by the Ecoli issues experienced at the time of the survey, as well as summer water restrictions. [2020: Not achieved 74%]
Adverse effects on the environment are minimised	Compliance with water resource consent conditions	100%	100%	Achieved. Frederick St - Compliance with water resource consent conditions for the water taken through the artesian bores located at Frederick Street. Kaipaitangata - Compliance with water resource consent conditions (conditions as per the expired consent) for water taken from the Kaipaitangata Stream. [2020: Achieved]

²³ Annual Residents Survey, Muirton Research, April 2021

²⁴ Using a 1–10 scale where 1 means 'very dissatisfied', and 10 means 'very satisfied'





Financial statements



CARTERTON DISTRICT COUNCIL

Statement Of Financial Performance For The Period Ended 30 June 2021

Actual 30 June 2020 \$	Note	Actual 30 June 2021 \$	Annual Plan 30 June 2021 \$
Revenue			
13,747,597		14,268,478	14,069,756
80,215		49,468	-
246,294		96,632	157,500
1,811,369		1,781,611	1,235,700
1,873,821		1,837,541	1,850,000
81,698		85,663	77,000
229,650		796,950	23,900
109,628		310,910	96,994
139,735		115,096	28,800
844,143		1,062,336	409,359
67,562		60,518	51,050
201,097		343,242	172,644
-		-	-
16,369		6,106	-
19,449,178	2	20,823,264	18,172,703
Expenditure			
691,904		679,156	754,283
4,151,159		4,661,465	4,240,303
2,398,093		2,647,125	2,845,004
2,367,248		2,534,754	2,720,569
261,793		247,842	281,272
978,178		979,864	1,133,551
4,092,337		4,898,022	4,706,469
1,944,588		1,878,888	1,470,113
(9,464)		-	40,000
-		-	-
-		-	-
7,195		1,631	-
16,883,031	4	18,528,746	18,191,564
2,566,147		2,294,519	(18,861)
-		-	-
30,295		46,700	-
2,596,442		2,341,219	(18,861)
-		-	-
2,596,442	5	2,341,219	(18,861)
Total surplus/(deficit) after tax			
2,596,442		2,341,219	(18,861)
Note: Operating costs include the following expenses			
4,170,843		4,879,997	4,683,427
341,309		257,633	659,282
4,505,877	3	4,845,093	4,550,137

CARTERTON DISTRICT COUNCIL

Statement Of Other Comprehensive Revenue And Expense For The Period Ended 30 June 2021

Actual 30 June 2020 \$	Note	Actual 30 June 2021 \$	Annual Plan 30 June 2021 \$
2,596,442		2,341,219	18,861
-		201,561	-
10,687,017		13,536,935	1,331,430
2,225		726	-
10,689,242	16	13,739,222	1,331,430
13,285,684		16,080,440	1,312,569



CARTERTON DISTRICT COUNCIL

Statement Of Changes In Equity For The Period Ended 30 June 2021

Actual 30 June 2020 \$	Note	Actual 30 June 2021 \$	Annual Plan 30 June 2021 \$
208,484,536		221,770,220	223,515,862
13,285,684		16,080,440	1,312,569
221,770,220		237,850,661	224,828,431
Equity at end of year			
Components of equity			
116,735,364		118,617,991	125,541,146
2,596,442		2,341,219	(18,861)
-		201,561	-
(713,815)		(1,535,324)	(1,472,543)
-		-	-
118,617,991	16	119,625,447	124,049,742
81,561,324		92,250,566	90,559,553
10,687,017		13,536,935	1,331,430
2,225		726	-
-		-	-
92,250,566	16	105,788,227	91,890,983
3,742,678		4,406,533	3,612,678
663,855		993,779	1,206,043
4,406,533	16	5,400,313	4,818,721
6,445,170		6,495,130	3,802,485
49,960		541,545	266,500
6,495,130		7,036,674	4,068,985
221,770,220		237,850,661	224,828,431

CARTERTON DISTRICT COUNCIL

Statement Of Financial Position As at 30 June 2021

Actual 30 June 2020 \$	Note	Actual 30 June 2021 \$	Annual Plan 30 June 2021 \$
Assets			
Current assets			
3,382,531	6	2,005,228	1,071,088
1,859,864	7	1,242,313	5,171,104
6,011,147	8	7,393,643	4,818,722
11,253,542		10,641,184	11,060,914
Non-current assets			
219,151,737	11	235,521,954	231,857,946
1,013,800	9	1,107,200	973,000
932,917	10	894,318	993,570
19,793		22,744	19,793
3,228		1,003	1,003
221,121,475		237,547,219	233,845,312
232,375,017		248,188,403	244,906,226
Liabilities			
Current liabilities			
2,104,539	13	2,566,319	2,886,158
589,916	14	525,294	432,828
-		-	-
680,265	15	415,018	-
3,374,720		3,506,632	3,318,986
Non-current liabilities			
60,340	14	49,966	61,447
7,172,966	15	6,781,145	16,697,362
7,233,306		6,831,111	16,758,809
Equity			
118,614,762		119,625,447	124,049,742
4,406,533		5,400,313	4,818,721
92,250,566		105,788,227	91,890,983
6,495,130		7,036,674	4,068,985
221,766,991	16	237,850,661	224,828,431
232,375,017		248,188,403	244,906,226



CARTERTON DISTRICT COUNCIL

Statement Of Cashflows For The Period Ended 30 June 2021

Actual 30 June 2020 \$	Note	Actual 30 June 2021 \$	Annual Plan 30 June 2021 \$
Cash flows from operating activities			
Cash was received from:			
14,028,345		14,375,120	11,638,166
2,174,093		2,634,491	1,873,900
81,698		85,663	77,000
3,030,179		4,253,790	1,994,547
272,919		95,236	157,500
19,587,234		21,444,300	15,741,113
Cash was applied to:			
12,796,571		12,813,805	13,213,593
352,977		251,329	659,282
13,149,548		13,065,134	13,872,875
6,437,686		8,379,166	1,068,238
Cash flows from investing activities			
Cash was received from:			
9,174		4,475	-
8,279,742		6,011,147	8,297,654
-		-	-
8,288,916		6,015,623	8,297,654
Cash was applied to:			
7,305,180		7,674,680	9,125,543
6,011,147		7,393,643	4,818,722
10,505		46,700	-
13,326,832		15,115,023	13,944,265
(5,037,916)		(9,099,401)	(5,646,611)
Cash flows from financing activities			
Cash was received from:			
500,000		18,186	2,225,117
500,000		18,186	2,225,117
Cash was applied to:			
941,650		675,255	(663,293)
941,650		675,255	(663,293)
(441,650)		(657,069)	2,888,410
958,120		(1,377,303)	(889,963)
2,424,411		3,382,531	1,961,052
3,382,531		2,005,228	1,071,088
Represented by:			
3,382,531		2,005,228	1,071,088
3,382,531		2,005,228	1,071,088

CARTERTON DISTRICT COUNCIL

Whole of Council Funding Impact Statement For The Period Ended 30 June 2021

Annual Plan 30 June 2020 \$	Actual 30 June 2020 \$		Actual 30 June 2021 \$	Annual Plan 30 June 2021 \$
Sources of operating funding				
9,050,812	8,664,181	General rates, UAGC, rates penalties	8,896,477	9,292,215
4,400,450	5,163,631	Targeted rates	5,421,469	4,777,541
930,479	1,148,890	Subsidies and grants for operating purposes	1,338,255	926,903
1,895,510	1,955,253	Fees and charges	1,938,615	1,363,494
-	266,088	Interest and dividends from investments	96,632	-
16,846,440	17,634,085	Local Authorities fuel tax, fines, infringement fees and other	787,139	456,194
365,189	436,042			
16,846,440	17,634,085	Total operating funding	18,459,587	16,816,347
Applications of operating funding				
11,788,816	12,071,572	Payments to staff and suppliers	12,879,264	12,487,905
624,852	341,309	Finance costs	257,433	659,282
324,350	292,110	Other operating funding applications	510,241	360,950
12,738,018	12,704,993	Total applications of operating funding	13,647,118	13,508,137
4,108,422	4,929,092	Surplus / (deficit) of operating funding	4,812,468	3,308,210
Sources of capital funding				
946,997	954,581	Subsidies and grants for capital expenditure	1,295,236	946,997
584,801	844,143	Development and financial contributions	1,062,336	409,399
1,497,056	(441,650)	Increase (decrease) in debt	(657,069)	2,888,410
-	-	Gross proceeds from sale of assets	4,106	-
-	-	Lump sum contributions	-	-
3,028,854	1,373,443	Other dedicated capital funding	-	-
3,028,854	1,373,443	Total sources of capital funding	1,706,609	4,244,766
Applications of capital funding				
417,200	314,039	Capital expenditure - meet additional demand	333,586	287,820
2,807,085	3,032,724	Capital expenditure - improve level of service	2,407,224	3,336,922
4,439,574	3,874,027	Capital expenditure - replace existing assets	2,903,502	4,172,602
(556,583)	(918,255)	Increase (decrease) in reserves	(1,123,235)	(244,368)
-	-	Increase (decrease) of investments	-	-
7,137,276	6,302,535	Total application of capital funding	6,519,077	7,552,976
(4,108,422)	(4,929,092)	Surplus / (deficit) of capital funding	(4,812,468)	(3,308,210)
-	-	Funding balance	-	-



CARTERTON DISTRICT COUNCIL

Governance Funding Impact Statement For The Period Ended 30 June 2021

Ten Year Plan 30 June 2020 \$		Actual 30 June 2021 \$	Ten Year Plan 30 June 2021 \$
Sources of operating funding			
872,132	General rates, UAGC, rates penalties	733,217	774,451
-	Fees and charges	522	-
2,084	Interest and dividends from investments	-	2,130
874,216	Total operating funding	733,814	776,581
Applications of operating funding			
703,917	Payments to staff and suppliers	604,771	606,230
1,210	Finance costs	-	1,386
222,684	Internal charges and overheads applied	71,874	226,568
-	Other operating funding applications	-	-
927,812	Total applications of operating funding	676,644	834,184
(53,596)	Surplus / (deficit) of operating funding	57,170	(57,603)
Sources of capital funding			
(26,087)	Increase / (decrease) in debt	-	(2,436)
(26,087)	Total sources of capital funding	-	(2,436)
Applications of capital funding			
15,645	Capital expenditure - replace existing assets	-	15,990
(95,328)	Increase / (decrease) in reserves	57,170	(97,349)
(79,683)	Total application of capital funding	57,170	(60,039)
53,596	Surplus / (deficit) of capital funding	(57,170)	57,603
-	Funding balance	-	-

CARTERTON DISTRICT COUNCIL

Community Support Funding Impact Statement For The Period Ended 30 June 2021

Ten Year Plan 30 June 2020 \$		Actual 30 June 2021 \$	Ten Year Plan 30 June 2021 \$
Sources of operating funding			
3,860,139	General rates, UAGC, rates penalties	4,438,527	3,881,937
-	Targeted rates	-	-
25,500	Subsidies and grants for operating purposes	419,706	25,500
331,253	Fees and charges	172,544	338,566
-	Internal charges and overheads recovered	-	-
10,420	Interest and dividends from investments	-	10,650
4,227,312	Total operating funding	5,406,552	4,256,653
Applications of operating funding			
2,132,070	Payments to staff and suppliers	1,975,559	2,183,882
168,478	Finance costs	18,971	163,046
996,533	Internal charges and overheads applied	1,798,697	996,099
232,250	Other operating funding applications	505,523	232,250
3,529,332	Total applications of operating funding	4,298,751	3,575,277
697,980	Surplus / (deficit) of operating funding	1,107,801	681,376
Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-
188,645	Development and financial contributions	394,894	188,645
(124,890)	Increase / (decrease) in debt	(130,119)	(116,545)
63,755	Total sources of capital funding	264,775	72,100
Applications of capital funding			
20,860	Capital expenditure - meet additional demand	333,586	-
78,225	Capital expenditure - improve level of service	-	98,072
365,998	Capital expenditure - replace existing assets	314,932	316,176
296,652	Increase / (decrease) in reserves	724,058	339,228
761,735	Total application of capital funding	1,372,576	753,476
(697,980)	Surplus / (deficit) of capital funding	(1,107,801)	(681,376)
-	Funding balance	-	-



CARTERTON DISTRICT COUNCIL

Regulatory and Planning Funding Impact Statement For The Period Ended 30 June 2021

Ten Year Plan 30 June 2020 \$		Actual 30 June 2021 \$	Ten Year Plan 30 June 2021 \$
Sources of operating funding			
643,859	General rates, UAGC, rates penalties	519,218	628,595
515,663	Targeted rates	221,346	540,893
-	Subsidies and grants for operating purposes	-	-
605,636	Fees and charges	996,819	700,770
11,983	Local Authorities fuel tax, fines, infringement fees and other	138,921	12,248
1,857,142	Total operating funding	1,876,304	1,882,506
Applications of operating funding			
1,218,525	Payments to staff and suppliers	1,440,536	1,242,278
2,170	Finance costs	-	4,211
588,211	Internal charges and overheads applied	423,955	584,910
1,808,906	Total applications of operating funding	1,864,490	1,831,399
48,236	Surplus / (deficit) of operating funding	11,814	51,107
Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-
-	Development and financial contributions	-	-
82,205	Increase / (decrease) in debt	-	(2,599)
82,205	Total sources of capital funding	-	(2,599)
Applications of capital funding			
83,440	Capital expenditure - improve level of service	49,585	-
103,257	Capital expenditure - replace existing assets	7,551	19,188
(56,256)	Increase / (decrease) in reserves	(45,322)	29,320
130,441	Total application of capital funding	11,814	48,508
(48,236)	Surplus / (deficit) of capital funding	(11,814)	(51,107)
-	Funding balance	-	-

CARTERTON DISTRICT COUNCIL

Roads and Footpaths Funding Impact Statement For The Period Ended 30 June 2021

Ten Year Plan 30 June 2020 \$		Actual 30 June 2021 \$	Ten Year Plan 30 June 2021 \$
Sources of operating funding			
2,124,387	General rates, UAGC, rates penalties	2,148,190	2,182,969
795,627	Subsidies and grants for operating purposes	919,305	813,189
33,344	Fees and charges	17,582	34,080
65,125	Local Authorities fuel tax, fines, infringement fees and other	87,560	66,563
3,018,483	Total operating funding	3,172,637	3,096,801
Applications of operating funding			
1,890,350	Payments to staff and suppliers	1,993,135	1,934,403
60,161	Finance costs	29,191	71,560
288,684	Internal charges and overheads applied	321,229	279,942
2,239,195	Total applications of operating funding	2,343,555	2,285,905
779,288	Surplus / (deficit) of operating funding	829,081	810,896
Sources of capital funding			
946,997	Subsidies and grants for capital expenditure	918,236	1,035,677
188,645	Development and financial contributions	435,742	188,645
211,578	Increase / (decrease) in debt	(102,259)	208,808
1,347,220	Total sources of capital funding	1,251,719	1,433,130
Applications of capital funding			
-	Capital expenditure - meet additional demand	-	-
338,975	Capital expenditure - improve level of service	-	421,070
1,599,046	Capital expenditure - replace existing assets	1,732,381	1,634,308
188,487	Increase / (decrease) in reserves	348,419	188,648
2,126,508	Total application of capital funding	2,080,800	2,244,026
(779,288)	Surplus / (deficit) of capital funding	(829,081)	(810,896)
-	Funding balance	-	-



CARTERTON DISTRICT COUNCIL

Sewerage Funding Impact Statement For The Period Ended 30 June 2021

Ten Year Plan 30 June 2020 \$		Actual 30 June 2021 \$	Ten Year Plan 30 June 2021 \$
Sources of operating funding			
229,276	General rates, UAGC, rates penalties	224,695	244,626
2,063,483	Targeted rates	2,080,437	2,201,636
-	Subsidies and grants for operating purposes	-	-
518,770	Fees and charges	354,678	530,221
-	Local Authorities fuel tax, fines, infringement fees and other	46,789	-
2,811,529	Total operating funding	2,706,599	2,976,483
Applications of operating funding			
1,007,727	Payments to staff and suppliers	866,691	1,077,291
444,944	Finance costs	132,288	467,904
509,152	Internal charges and overheads applied	885,470	509,622
1,961,823	Total applications of operating funding	1,884,449	2,054,817
849,706	Surplus / (deficit) of operating funding	822,150	921,666
Sources of capital funding			
-	Subsidies and grants for capital expenditure	17,000	-
94,323	Development and financial contributions	79,865	94,323
494,635	Increase / (decrease) in debt	(417,400)	360,763
588,957	Total sources of capital funding	(320,535)	455,086
Applications of capital funding			
868,141	Capital expenditure - improve level of service	3,361,329	742,831
429,716	Capital expenditure - replace existing assets	302,738	375,232
140,806	Increase / (decrease) in reserves	(3,162,451)	258,689
1,438,663	Total application of capital funding	501,615	1,376,752
(849,706)	Surplus / (deficit) of capital funding	(822,150)	(921,666)
-	Funding balance	-	-

CARTERTON DISTRICT COUNCIL

Stormwater Funding Impact Statement For The Period Ended 30 June 2021

Ten Year Plan 30 June 2020 \$		Actual 30 June 2021 \$	Ten Year Plan 30 June 2021 \$
Sources of operating funding			
28,101	General rates, UAGC, rates penalties	26,127	29,023
252,906	Targeted rates	234,807	261,210
281,007	Total operating funding	260,934	290,233
Applications of operating funding			
70,656	Payments to staff and suppliers	70,251	73,266
16,541	Finance costs	-	17,041
54,949	Internal charges and overheads applied	69,081	54,449
142,146	Total applications of operating funding	139,331	144,756
138,861	Surplus / (deficit) of operating funding	121,603	145,477
Sources of capital funding			
18,865	Development and financial contributions	36,770	18,865
(8,801)	Increase / (decrease) in debt	-	31,968
10,063	Total sources of capital funding	36,770	50,833
Applications of capital funding			
135,590	Capital expenditure - meet additional demand	-	138,500
10,430	Capital expenditure - improve level of service	-	53,300
125,160	Capital expenditure - replace existing assets	-	127,920
(122,256)	Increase / (decrease) in reserves	158,373	(123,490)
148,924	Total application of capital funding	158,373	196,310
(138,861)	Surplus / (deficit) of capital funding	(121,603)	(145,477)
-	Funding balance	-	-



CARTERTON DISTRICT COUNCIL

Waste Management Funding Impact Statement For The Period Ended 30 June 2021

Ten Year Plan 30 June 2020 \$		Actual 30 June 2021 \$	Ten Year Plan 30 June 2021 \$
Sources of operating funding			
552,721	General rates, UAGC, rates penalties	512,797	559,184
107,646	Targeted rates	304,923	109,899
370,952	Fees and charges	312,836	379,140
-	Local Authorities fuel tax, fines, infringement fees and other	69,096	-
1,031,319	Total operating funding	1,199,651	1,048,223
Applications of operating funding			
934,028	Payments to staff and suppliers	782,048	954,581
38,111	Internal charges and overheads applied	141,332	37,083
-	Other operating funding applications	4,718	-
972,139	Total applications of operating funding	928,098	991,664
59,179	Surplus / (deficit) of operating funding	271,554	56,559
Sources of capital funding			
-	Total sources of capital funding	-	-
Applications of capital funding			
-	Capital expenditure - replace existing assets	68,523	21,320
59,179	Increase / (decrease) in reserves	203,030	35,239
59,179	Total application of capital funding	271,554	56,559
(59,179)	Surplus / (deficit) of capital funding	(271,554)	(56,559)
-	Funding balance	-	-

CARTERTON DISTRICT COUNCIL

Water Supply Funding Impact Statement For The Period Ended 30 June 2021

Ten Year Plan 30 June 2020 \$		Actual 30 June 2021 \$	Ten Year Plan 30 June 2021 \$
Sources of operating funding			
208,678	General rates, UAGC, rates penalties	259,826	224,051
2,060,454	Targeted rates	2,579,956	2,202,833
46,890	Fees and charges	62,285	47,925
-	Local Authorities fuel tax, fines, infringement fees and other	1,142	-
2,316,022	Total operating funding	2,903,209	2,474,809
Applications of operating funding			
1,172,825	Payments to staff and suppliers	1,366,308	1,203,238
42,608	Finance costs	7,221	76,390
544,950	Internal charges and overheads applied	652,637	544,652
1,760,383	Total applications of operating funding	2,026,166	1,824,280
555,639	Surplus / (deficit) of operating funding	877,043	650,529
Sources of capital funding			
-	Subsidies and grants for capital expenditure	360,000	-
94,323	Development and financial contributions	115,065	94,323
499,245	Increase / (decrease) in debt	(18,700)	786,538
593,568	Total sources of capital funding	456,365	880,861
Applications of capital funding			
260,750	Capital expenditure - meet additional demand	248	266,500
542,360	Capital expenditure - improve level of service	-	852,800
1,215,617	Capital expenditure - replace existing assets	1,099,178	469,573
(869,520)	Increase / (decrease) in reserves	233,982	(57,483)
1,149,206	Total application of capital funding	1,333,408	1,531,390
(555,639)	Surplus / (deficit) of capital funding	(877,043)	(650,529)
-	Funding balance	-	-



CARTERTON DISTRICT COUNCIL

Administration and Support Funding Impact Statement For The Period Ended 30 June 2021

Ten Year Plan 30 June 2020 \$		Actual 30 June 2021 \$	Ten Year Plan 30 June 2021 \$
Sources of operating funding			
69,900	General rates, UAGC, rates penalties	33,880	69,900
-	Subsidies and grants for operating purposes	244	-
521	Fees and charges	1,350	533
3,243,276	Internal charges and overheads recovered	4,364,274	3,233,326
194,232	Interest and dividends from investments	96,632	204,718
-	Local Authorities fuel tax, fines, infringement fees and other	67,780	-
3,507,929	Total operating funding	4,564,160	3,508,477
Applications of operating funding			
2,579,704	Payments to staff and suppliers	3,779,946	2,634,633
2,821	Finance costs	69,962	719
-	Internal charges and overheads applied	-	-
40,000	Other operating funding applications	-	40,000
2,622,525	Total applications of operating funding	3,849,908	2,675,352
885,404	Surplus / (deficit) of operating funding	714,252	833,125
Sources of capital funding			
-	Increase / (decrease) in debt	11,409	-
-	Gross proceeds from sale of assets	6,106	-
-	Total sources of capital funding	17,515	-
Applications of capital funding			
-	Capital expenditure - improve level of service	-	-
529,208	Capital expenditure - replace existing assets	374,509	437,756
356,196	Increase / (decrease) in reserves	357,259	395,369
885,404	Total application of capital funding	731,768	833,125
(885,404)	Surplus / (deficit) of capital funding	(714,252)	(833,125)
-	Funding balance	-	-



Notes to the Financial Statements

Note 1 Reporting entity, basis of preparation and summary of significant accounting policies

Reporting Entity

Carterton District Council (Council) is a territorial local body governed by the Local Government Act 2002 (LGA 2002) and Local Government (Rating) Act 2002, and is domiciled in New Zealand.

The Council is a separate legal entity and does not have any subsidiaries. The Council provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return.

The Council has designated itself as a public benefit entity (PBE) for the purposes of complying with generally accepted accounting practice.

The financial statements of the Council are for the year ended 30 June 2021. The financial statements were authorised for issue by Council on 17 November 2021.

Basis of Preparation

Statement of compliance

The financial statements of the Council have been prepared in accordance with the requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with and comply with PBE Standards Reduced Disclosure Regime. The Council is a Tier 2 entity as it has expenditure less than \$30 million.

These financial statements have been prepared on a going concern basis.

Measurement base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructure assets, forestry assets and certain financial instruments.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Council is New Zealand dollars.

Changes in accounting policies

There are no changes in accounting policies.

Summary of Significant Accounting Policies

Significant accounting policies are in the note to which they relate. Where they do not relate to a specific note, they are outlined below.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Goods and services tax (GST)

All items in the financial statements are stated exclusive of goods and services tax (GST), except for debtors and other receivables and creditors and other payables, which are stated on a GST inclusive basis. GST not recoverable as input tax is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by the Council for the 2020/21 Annual Plan and in the Ten-Year Plan for 2018-2028 where applicable. The budget figures have been prepared in accordance with PBE IPSAS, using accounting policies that are consistent with those adopted in preparing these financial statements.

Cost allocation

The cost of service for each significant activity of Council has been derived using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs which cannot be identified in an economically feasible manner with a significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers, and floor area.

Statement of cash flows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which Council invests as part of its day-to-day cash management. GST is disclosed net as disclosing gross amounts does not provide any further meaningful information.

Operating activities include cash received from all revenue sources and cash payments made for the supply of goods and services. Agency transactions (the collection of Regional Council rates) are recognised as receipts and payments in the Statement of Cash Flows because they flow through the Council's main bank account.

Investing activities are those activities relating to the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

Financing activities comprise the change in equity and debt structure of the Council.



Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Forestry Assets

Note 9 provides information about the estimates and assumptions applied in determining the fair value of forestry assets held.

Property, Plant and Equipment

Note 11 provides information about the estimates and assumptions applied in determining the fair value of property, plant and equipment.

Standards issued and not yet effective and not early adopted

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to the Council are:

PBE IPSAS 41 Financial Instruments

PBE IFRS 9 was issued as an interim standard by NZASB replacing PBE IPSAS 29 (Financial Instruments: recognition and measurement) to address concerns relating to mixed groups. However, it will be superseded by PBE IPSAS 41 as the latter is more closely based on for-profit entities financial instruments standard compared to PBE IFRS 9.

This new standard is effective for annual periods beginning on or after 1 January 2022, with early application permitted. Council plans to apply this standard in preparing its 30 June 2022 financial statements. Council has yet to assess the effects of the new standard.

Amendment to PBE IPSAS 2 Cash Flow Statement

An amendment to PBE IPSAS 2 requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendment is effective for the year ending 30 June 2022, with early application permitted. This amendment will result in additional disclosures. The Council will not early adopt this amendment.

PBE IPSAS 40 PBE Combinations

PBE IPSAS 40 replaces PBE IFRS 3 Business Combinations. PBE IFRS 3 excluded from its scope combinations under common control and combinations arising from local authority reorganisations. These are now included within the scope of PBE IPSAS 40, through the inclusion of both acquisition and amalgamation accounting. This new standard is effective for the year ending 30 June 2022 and is applied prospectively. The Council will not early adopt this amendment.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for the year ending 30 June 2023, with early application permitted. The Council has not yet determined how application of PBE FRS 48 will affect its statement of service performance. It does not plan to adopt the standard early.

Note 2 Revenue

Revenue is measured at the fair value of consideration received or receivable and may be derived from either exchange or non-exchange transactions.

Revenue from exchange and non-exchange transactions

Revenue from exchange transactions arises where the Council provides goods or services to another entity and directly receives approximately equal value (primarily in the form of cash in exchange).

Revenue from non-exchange transactions arises from transactions that are not exchange transactions. A non-exchange transaction arises when the Council receives value from another party without giving approximately equal value directly in exchange for the value received.

Approximately equal value is considered to reflect a fair or market value, which is normally commensurate with an arm's length commercial transaction between a willing buyer and willing seller. Many of the services that the Council provides for a fee are charged at below market value as they are subsidised by rates. Other services operate on a cost recovery or breakeven basis and are not considered to reflect a market return. Most of the Council's revenue is therefore categorised as non-exchange.

Specific accounting policies for major categories of revenue are outlined below. The Council undertakes various activities as part of its normal operations, some of which generate revenue, but generally at below market rates. The following categories (except where noted) are classified as transfers, which are non-exchange transactions other than taxes.

*Rates revenue*

General rates, targeted rates (excluding water rates by meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due.

The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.

Rates are a tax as they are payable under the Local Government Ratings Act 2002 and are therefore defined as non-exchange.

Rates collected on behalf of the Greater Wellington Regional Council (WRC) are not recognised in the financial statements as the Council is acting as an agent for the WRC.

Revenue from water rates by meter is recognised on an accrual basis and are taxes that use a specific charging mechanism to collect the rate and are non-exchange revenue. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

	30-Jun 2021	30-Jun 2020
	\$	\$
General rates	8,847,009	8,583,966
Targeted rates attributable to activities		
Water	2,277,383	1,980,831
Metered water charges	302,572	351,211
Sewerage	2,080,437	2,093,805
Stormwater	234,807	233,760
Waste management	304,923	251,173
Regulatory and planning	221,346	252,850
Total targeted rates	5,421,469	5,163,630
Total rates	14,268,478	13,747,597
 Rates penalties	 49,468	 80,215
Total revenue from rates and penalties	14,317,946	13,827,812

Rates remission

The Council's rates remission policy allows rates to be remitted on condition of a ratepayer's extreme financial hardship, land used for sport, and land protected for historical or cultural purposes.

	30-Jun 2021	30-Jun 2020
	\$	\$
Rates revenue before remissions	14,331,517	13,841,098
<i>Council policy remissions:</i>		
Sports bodies	2,758	2,554
Other	10,813	10,733
Total remissions	13,570	13,287
Rates revenue after remissions	14,317,946	13,827,812

Non-rateable land

Under the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. These properties include schools, places of religious worship, public gardens and reserves. These non-rateable properties may be subject to targeted rates in respect of sewerage, water, refuse and sanitation. Non-rateable land does not constitute a remission under the Council's rates remission policy.



Government grants

Government grants are received from the New Zealand Transport Agency, which subsidises part of the costs of maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Various grants are also received from a number of Crown bodies for a range of purposes, such as employment subsidies, assistance with community activities, and grant money for distribution to the community. The grants are recognised as revenue when they become receivable.

Other grants and bequests – with or without conditions – are recognised as revenue when they become receivable.

	30-Jun 2021	30-Jun 2020
	\$	\$
DIA 3 Waters Stimulus Funding	920,000	
Grant to Mayoral Trust Fund for Youth	250,000	
Grant to support Freedom Camping facilities	67,197	
Employment subsidy	48,066	
Grant - 5 Towns Trails		60,000
Lions Club of Carterton		130,100
Creative New Zealand	26,749	22,226
Sports NZ rural travel fund	9,500	9,500
War Graves -through NZDF and Internal Affairs	1,000	
Summer reading grant	1,810	1,774
World War II memorial trust	500	500
Other donations, grants	15,128	2,550
Total grants and subsidies	1,339,950	226,650

Provision of services

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Vested assets

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in the Council are recognised as revenue when control over the asset is obtained.

The fair value of vested assets is usually determined by reference to the cost of constructing the asset.

Vested asset revenue is recognised as non-exchange revenue when the maintenance period (where the developer is responsible for addressing maintenance items) ends and the asset is at the required standard to be taken over by Council.

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Sale of goods

The sale of goods is classified as exchange revenue. Sale of goods is recognised when products are sold to the customer and all risks and rewards of ownership have transferred to the customer.

Agency arrangements

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.

Interest and dividends

Interest revenue is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established and are classified as exchange revenue. Dividends are recorded net of imputation credits.

Fines and penalties

Revenue from fines and penalties (eg traffic and parking infringements, library overdue book fines, rates penalties) is recognised when infringement notices are issued or when the fines/penalties are otherwise imposed.

Other gains and losses

Gains include additional earnings on the disposal of property, plant and equipment and movements in the fair value of financial assets and liabilities.

	30-Jun 2021	30-Jun 2020
	\$	\$
Gain/(Loss) on revaluation	-	-
Gain/(loss) in fair value of forestry assets	46,700	30,295
Total gains/(losses)	46,700	30,295

Financial contributions

Financial contributions are recognised as revenue when Council has rights to the contribution and has provided, or is able to provide, the service that gave rise to the charging of the contribution. Financial contributions have been set aside as part of Special Funds and Reserves designated for parks and reserves development, infrastructure, and roading upgrades. These contributions are not specifically required to be spent on one locality or project, so have no residual liability associated with them.

	30-Jun 2021	30-Jun 2020
	\$	\$
Roading Contributions	435,742	186,821
Infrastructural Contributions	231,700	388,905
Recreation Reserve Contribution	394,894	268,417
Total Contributions	1,062,336	844,143

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Operating Leases as lessor

The Council leases land and buildings in the normal course of business. This property has been acquired to meet service requirements and where that requirement has not risen to meet available capacity, spare capacity is leased for grazing or community purposes. Most of these leases are for varying terms and are non-cancellable. The future minimum lease receipts under these lease arrangements are:

	30-Jun 2021	30-Jun 2020
Revenue Commitments: Non-cancellable leases as Lessor	\$	\$
- not Later than 1 year	21,958	21,958
- later than 1 year but not later than 5 years	55,100	50,308
- later than 5 years	30,850	28,350
As a lessor, the Council has non-cancellable operating leases for the use of farmland and other land that it owns. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as above:	107,908	100,617

Note 3 Personnel

Personnel costs are those costs incurred on staff; their salaries and wages along with the employer contributions to approved superannuation schemes and Kiwisaver. Salary and wage costs include the adjustment made for leave entitlements earned or disbursed over the period.

	30-Jun 2021	30-Jun 2020
	\$	\$
Salaries and wages	4,845,093	4,505,877
Defined contribution plan employer contributions	186,120	165,182
Increase/(decrease) in employee entitlements/liabilities	(68,197)	155,981
Total personnel costs	4,963,015	4,827,040

Employer contributions to defined contribution plans include contributions to Kiwi-saver, Jacques Martin, Local Government and Union Brokers.

Chief Executive and staff

For the year ended 30 June 2021, the total annual cost to the Carterton District Council of the remuneration package being received by the Chief Executive is calculated at \$249,577 (2020: \$185,892). The Chief Executive of the Council appointed under section 42 of the Local Government Act 2002 received a salary of \$219,620 and taxable allowances of \$29,957. The Chief Executive chose to take a 12-month salary sacrifice of 10% from May 2020 to May 2021.

The total Chief Executive salary includes payment of accrued annual leave on the departure of the Chief Executive in May 2021, as well as payments to the Interim Chief Executive for May and June 2021.

At balance date, the Council employed 54 (2020: 56) full-time employees, with the balance of staff representing 11.6 (2020: 10.3) full-time equivalent employees. A full-time employee is determined on the basis of a 35-hour working week. Included is four employees whose cost is shared with Masterton and/or South Wairarapa District Councils.

For the year ended 30 June 2021 the Council made one severance payment of \$14,000 (2020: two payments, totalling \$10,973).

	30-Jun 2021	30-Jun 2020
Council employees remuneration by band		
< \$60,000	48	43
\$60,000 - \$79,999	15	14
\$80,000 - \$99,999	11	11
\$100,000 - \$219,998	5	6
Total employees	79	74

Elected representatives

Council membership comprises the Mayor and eight councillors, being elected for three-year terms. Their remuneration over the past 12 months was as tabled below.

	30-Jun 2021	30-Jun 2020
Elected representatives	\$	\$
G Lang (Mayor)	83,271	63,185
R Vergunst (Deputy Mayor)	44,877	34,411
B Deller	26,870	23,648
J Greadhead	24,978	22,712
R Keys	24,978	24,579
R Cherry-Campbell	24,978	16,490
S Cretney	24,978	16,490
R Stockley	24,978	16,490
D Williams	3,019	-
S Bertram	15,371	16,490
Total elected members remuneration	298,301	270,526

B Deller was also the District Licensing Commissioner during the year.



Note 4 Other expenses

Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been approved by the Council.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant.

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

	30-Jun 2021	30-Jun 2020
Expenditure	\$	\$
Cancellable operating leases		
Rental expense of leased assets	-	-
Non-cancellable operating leases		

For the year ended 30 June 2021 the Council had no non-cancellable operating leases (2020: \$nil).

Audit fees

The audit fee set by Audit New Zealand reflects their cost of undertaking the annual audit of this annual report. Additionally, an additional fee is charged to cover their cost of an audit of the Ten-Year Plan which is reviewed and published every three years.

	30-Jun 2021	30-Jun 2020
	\$	\$
Fees to principal auditor		
- Audit fees for financial statement audit	102,472	93,747
- Audit fees for 2021–2031 Long Term Plan	60,400	-
	<u>162,872</u>	<u>93,747</u>

Note 5 Tax

Council becomes liable for income tax where income includes the results of trading activity of Council controlled entities (CCO) that operate separately to the Council. Carterton District Council does not have any CCO's. Income tax expense, if Council were liable, includes current tax and deferred tax.

	30-Jun 2021	30-Jun 2020
	\$	\$
Total surplus/(deficit) before tax	2,884,219	2,650,841
Income tax @ 28%	807,581	742,236
Add/(less) tax effect of non-taxable income/expenditure	(807,581)	(742,236)
Income tax expense	<u>-</u>	<u>-</u>



Note 6 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

	30-Jun 2021	30-Jun 2020
	\$	\$
Cash at bank and on hand	1,978,044	3,365,764
Short term deposits with maturities less than 3 months	-	-
Special fund bank accounts	27,184	16,767
Total cash and cash equivalents	2,005,228	3,382,531
<i>Weighted average effective interest rate</i>	0.05%	0.05%

The carrying value of cash at bank, short term deposits and special fund term deposits with maturities less than three months approximates their fair value. The total value of cash and cash equivalents that can only be used for a specific purpose, as outlined in a trust deed or Council resolution, is \$22,076 (2020: \$16,767).

The carrying value of special fund term deposits approximates their fair value.

Note 7 Receivables

Short-term debtors and other receivables are recorded at their face value, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation, and default in payments are considered indicators that the debt is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

	30-Jun 2021	30-Jun 2020
	\$	\$
<i>Receivables under exchange transactions</i>		
Amounts due from customers for contract work	-	-
Prepayments	5,000	5,000
	<u>5,000</u>	<u>5,000</u>
<i>Receivables under non-exchange transactions</i>		
Rates receivables	380,238	406,742
Other receivables	742,801	1,396,632
Goods and services tax	182,391	121,275
Sundry debtors	14,639	12,972
Related party receivables	-	-
Loans to related parties	-	-
	<u>1,325,070</u>	<u>1,942,621</u>
Less provision for impairment	(82,757)	(82,757)
Total debtors and other receivables	<u>1,242,313</u>	<u>1,859,864</u>

Movements in the provision for impairment of receivables and community loans are as follows:

	30-Jun 2021	30-Jun 2020
	\$	\$
At 1 July	82,757	82,757
Additional provisions made during the year	19,928	10,464
Receivables written off during the period	(19,928)	(10,464)
At 30 June	<u>82,757</u>	<u>82,757</u>



Note 8 Investments

Derivative financial instruments and hedge accounting

The Council does not engage in the use of derivative financial instruments and hedging activities.

Other financial assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Council commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purpose of measurement:

- Fair value through surplus or deficit
- Loans and receivables
- Held to maturity investments
- Fair value through other comprehensive revenue and expense

The classification of a financial asset depends on the purpose for which the instrument was acquired.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost, using the effective interest method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Loans to community organisations made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The loans are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant.

Council's loans and receivables comprise cash and cash equivalents, bank term deposits, debtors and other receivables, community and related party loans. Loans and receivables are classified as "debtors and other receivables" in the statement of financial position.

Fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the share investment within 12 months of balance date or if the debt instrument is not expected to be realized within 12 months of balance date.

Council includes in this category:

- investments that it intends to hold long-term but which may be realised before maturity
- shareholdings that it holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit.

On derecognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Council's investments in this category include shares in companies.

Application of the above policies is reflected in the following table:

	30-Jun 2021	30-Jun 2020
	\$	\$
Loans and receivables		
Cash and cash equivalents		
- Cash at bank and on hand	1,978,044	3,365,764
- Short term funds	-	-
- Special funds	27,184	16,767
Investments	7,393,643	6,011,147
Debtors and other receivables	1,242,313	1,859,864
Other financial assets:		
- term deposits	-	-
- community loans	-	-
- loans to related parties	-	-
Total loans and receivables	10,641,184	11,253,542
Fair value through comprehensive revenue and expense		
Other financial assets:		
- local authority stock		
- unlisted shares	23,747	23,021
- listed shares		
Total fair value through equity	23,747	23,021

Investments comprise term deposits having terms greater than 90 days. The following table identifies the nature of these term deposits.



	30-Jun 2021	30-Jun 2020
Term and other cash deposits with maturities greater than 90 days	\$	\$
Bank deposits with maturities greater than 3 months and remaining maturities less than 12 months	2,020,515	2,020,515
Special fund term deposits with maturities greater than 3 months and remaining maturities less than 12 months	5,373,128	3,990,632
Total Term Deposits	7,393,643	6,011,147

Impairment of financial assets

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Loans and other receivables

Impairment is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government stock, and community loans, are recognised directly against the instruments carrying amount.

Note 9 Forestry

Standing forestry assets are independently revalued annually at fair value less estimated cost to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs and silvicultural costs and takes into consideration environmental, operational and market restrictions.

Gains or losses arising on initial recognition of forestry assets at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell are recognised in the surplus or deficit.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

	30-Jun 2021	30-Jun 2020
Balance at 1 July	1,013,800	973,000
Increases due to purchases	46,700	10,505
Gains/(losses) arising from changes in fair value less estimated point of sale costs	46,700	30,295
Decreases due to sales	-	-
Decreases due to harvest	-	-
Balance at 30 June	1,107,200	1,013,800

Through its investment in Kaipaitangata Forest, the Council owns 214 hectares of pinus radiata forest, which are at varying stages of maturity with prospective harvest dates ranging from 2021-2042. There is a further 23 hectares of pinus radiata ranging from 40 to 48 years maturity that are deemed to have a near zero net stumpage (ie no value).

Valuation assumptions

Independent registered valuer, Forest Enterprises Group Limited, has valued forestry assets as at 30 June 2021. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

The forestry assets have been valued using industry standard forest estate modelling. The method applied is the same as applied in 2019/20. A discount rate of 8% was used to discount the present value of expected pre-tax cash flows to value the forestry assets for the year ended 30 June 2021 [2020: 8.5%].

The 214 ha of plantation tree crops, have been valued on the basis that they will be managed as an integrated forest estate, as opposed to separate and individual stands. The impact of this is that the harvesting of the various aged stands will most likely occur in groups, to provide a reasonable level of annual harvesting volume, and not harvested at a fixed age.

The manuka tree crop has been incorporated at a value approximating the cost of investment; no assessment being made of their bearer crop value given they were planted four years ago.

Financial risk management strategies

The Council is exposed to financial risks arising from changes in timber prices. The Council is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future. Therefore, no measures have been taken to manage the risks of a decline in timber prices. The Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.



Note 10 Intangible Assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Resource consents

Costs incurred in obtaining resource consents are capitalised and classified as intangible assets. Costs are amortised on a straight-line basis over the term granted by the resource consent, which ranges from 3–35 years, and are stated at cost less accumulated amortisation and impairment losses. In 2017/18, \$557,838 reflecting the accumulated cost of investigations and process development preparatory to the issue of a resource consent for the treatment and disposal of wastewater, was capitalised. A new resource consent was issued in January 2018 for a period of 35 years.

Carbon credits

Purchased carbon credits are recognised at cost on acquisition. Free carbon credits received from the Crown are recognised at fair value on receipt. They are not amortised, but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

The council received carbon credits for no consideration when these were allocated by the government under the Emissions Trading Scheme. The Council had accounted for these carbon credits at nil under NZ IFRS (PBE). Under the new PBE accounting standards, carbon credits received for no consideration are required to be accounted for at their fair value at initial recognition. The carbon credits were received during 2012 and 2013 and the Council elected to treat their fair value at 1 July 2014 as deemed cost.

The Council considers there is no impairment of carbon credits held as they are expected to be fully utilised in satisfying carbon obligations.

Carbon units have been assessed as having an indefinite useful life because they have no expiry date and will continue to have economic benefit as long as the Emissions Trading Scheme is in place.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when an asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software	5 years	20.00%
Resource consents	3–35 years	2.3–33.33%

Impairment of intangible assets

Intangible assets that have an indefinite useful life, or not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

	Carbon Credits	GIS Software	Other Software	Resource Consents	Total
Balance 30 June 2020	\$	\$	\$	\$	\$
Cost	115,048	247,782	165,603	1,242,059	1,770,492
Accumulated amortisation and impairment	-	(226,510)	(67,632)	(543,432)	(837,575)
Closing carrying amount	115,048	21,272	97,971	698,626	932,917
Year ended 30 June 2021	\$	\$	\$	\$	\$
Additions	-	11,240	45,266	-	56,506
Disposals	-	-	-	-	0
Amortisation charge	-	(7,551)	(34,845)	(52,710)	(95,106)
Movement within period	-	3,689	10,421	(52,710)	(38,599)
Balance 30 June 2021	\$	\$	\$	\$	\$
Cost	115,048	259,022	210,869	1,242,059	1,826,998
Accumulated amortisation and impairment	-	(234,061)	(102,478)	(596,142)	(932,680)
Closing carrying amount	115,048	24,961	108,392	645,917	894,318



	Carbon Credits	GIS Software	Other Software	Resource Consents	Total
Balance 30 June 2019	\$	\$	\$	\$	\$
Cost	115,048	247,782	134,088	1,242,059	1,738,977
Accumulated amortisation and impairment	-	(217,877)	(36,807)	(490,723)	(745,407)
Opening carrying amount	115,048	29,906	97,281	751,336	993,570
Year ended 30 June 2020	\$	\$	\$	\$	\$
Additions	-	-	31,514.85	-	31,515
Disposals	-	-	-	-	0
Amortisation charge	-	(8,633.66)	(30,824.99)	(52,709.53)	(92,168.18)
Movement within period	0	-8,634	690	-52,710	-60,653
Balance 30 June 2020	\$	\$	\$	\$	\$
Cost	115,048	247,782	165,603	1,242,059	1,770,492
Accumulated amortisation and impairment	-	(226,510)	(67,632)	(543,432)	(837,575)
Closing carrying amount	115,048	21,272	97,971	698,626	932,917

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.

Note 11 Property, plant and equipment

Property, plant and equipment consists of:

Operational assets—land, buildings, fixtures and fittings, office equipment, library collections, motor vehicles, plant and equipment, landfill post closure and water races.

Infrastructure assets—fixed utility systems owned by the Council. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations.

Heritage assets—assets owned by the Council that are of cultural or historical significance to the community and cannot be replaced due to the nature of the assets. Buildings recorded under the Historical Places Act 1993 have been recorded as heritage assets.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

Property, plant and equipment is recognised at cost. Where an asset is acquired at no cost, or for nominal cost, it is recognised at fair value as at the date of acquisition.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably. There is no capitalisation of borrowing costs (interest or other financial charges) relating to assets whose acquisition is funded through borrowing where these costs are incurred in the period prior to the asset being commissioned for operational service.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land (which also includes the landfill and water races), at rates which will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

The estimated useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Buildings	3 to 100 years	1.00–35.00%
Plant and equipment	10 to 50 years	2.00–10.00%
Motor vehicles	10 years	10.00%
Fixtures and fittings	10 to 50 years	2.00–10.00%
Office equipment	5 to 10 years	10.00–20.00%
Library collections	5 to 6 years	18.90%
Roads, bridges & footpaths*	8 to 65 years	1.60–12.00%
Water systems*	4 to 80 years	1.60–23.00%
Stormwater systems*	20 to 100 years	1.00–5.00%
Sewerage systems*	10 to 80 years	1.5–10.0%
Heritage assets	20 to 50 years	2.00–5.00%

In relation to infrastructural assets marked * (above), depreciation has been calculated at a componentry level based on the estimated remaining useful lives as assessed by Council's engineers and independent registered valuers. A summary of these lives is detailed above.



The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Depreciation charged in line with these policies was applied across the activities undertaken by Council as follows:

	LTP 2021	30-Jun 2021	30-Jun 2020
	\$	\$	\$
Governance	3,332	2,511	2,511
Roads and footpaths	1,587,021	2,317,909	1,712,932
Water supply	650,529	620,959	600,100
Sewerage	921,666	650,305	590,922
Stormwater	132,788	108,510	108,275
Waste management	26,739	51,767	40,715
Community support	643,335	599,272	580,245
Regulatory and planning	51,107	14,397	16,071
Administration and support services	597,974	514,366	519,072
Total depreciation	4,614,494	4,879,997	4,170,843

Impairment of property, plant and equipment

Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash flows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

For assets not carried at a revalued amount (other than goodwill), the reversal of impairment loss is recognised in the surplus or deficit.

Capital Commitments

The amount of contractual commitments for acquisition of property, plant and equipment is:

	30-Jun 2021	30-Jun 2020
	\$	\$
Capital commitments		
Buildings	-	-
Roading network	3,970,069	5,293,425
Sewerage	1,662,992	1,160,780
Waste Management	-	-
Water Supply	1,671,639	-
Total Capital Commitment	7,304,700	6,454,205



Note 11 Property, plant and equipment- contd

	Cost/revaluation	Accumulated depreciation	Carrying amount	Current year	Current year	Current year	Accumulated depreciation	Current year	Revaluation	Cost/revaluation	Accumulated depreciation	Carrying amount
	30-Jun	30-Jun	30-Jun	additions	transfers	disposals	on disposals	depreciation		30-Jun	30-Jun	30-Jun
	2020	2020	2020							2021	2021	2021
30-Jun-21	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Infrastructural assets</i>												
Roads, streets & footpaths –land	5,952,052	-	5,952,052	-	133,435	-	-	-	-	6,085,487	-	6,085,487
Roads, streets & footpaths	154,821,660	-	154,821,660	1,732,427	28,889	-	-	(2,317,033)	-	156,582,976	(2,317,033)	154,265,943
Water systems - treatment plant & facilities	2,061,829	(964)	2,060,865	388,161	(2,551)	-	-	(134,595)	-	2,447,439	(135,560)	2,311,879
Water systems - other	8,641,317	(520,452)	8,120,864	237,533	11,430	-	-	(407,769)	-	8,890,280	(928,221)	7,962,059
Sewerage systems - treatment plant & facilities	2,327,885	(1,079)	2,326,805	-	-	-	-	(95,421)	-	2,327,885	(96,500)	2,231,384
Sewerage systems - other	6,970,324	(560,015)	6,410,309	300,517	21,605	-	-	(521,130)	-	7,292,446	(1,081,145)	6,211,301
Stormwater systems	7,439,808	(108,275)	7,331,533	182,147	6,281	-	-	(108,510)	-	7,628,236	(216,785)	7,411,450
	188,214,873	(1,190,785)	187,024,088	2,840,786	199,089	-	-	(3,584,458)	-	191,254,748	(4,775,244)	186,479,504
<i>Operational assets</i>												
Land	10,211,835	-	10,211,835	-	(133,435)	-	-	-	10,803,200	20,881,600	-	20,881,600
Buildings	13,239,467	(978,000)	12,261,467	138,109	602,604	-	-	(494,847)	2,739,470	15,246,800	-	15,246,800
Fixtures & fittings	3,217,424	(1,803,847)	1,413,577	210,140	(4,010)	-	-	(289,005)	-	3,423,554	(2,092,852)	1,330,702
Office equipment	813,726	(640,998)	172,728	145,535	0	-	(5)	(72,339)	-	959,262	(713,342)	245,920
Library collections	473,492	-	473,492	85,868	1	-	-	(94,588)	-	559,360	(94,588)	464,773
Motor vehicles	1,286,474	(848,230)	438,244	38,084	(557)	-	(599)	(85,478)	-	1,324,001	(934,306)	389,695
Plant & equipment	2,039,629	(1,366,357)	673,272	234,816	(24,806)	-	2,579	(135,634)	-	2,249,639	(1,499,412)	750,227
Landfill	214,000	-	214,000	-	-	-	-	-	-	214,000	-	214,000
Water races	550,025	(29,612)	520,413	-	-	-	-	(26,990)	-	550,025	(56,602)	493,423
	32,046,072	(5,667,045)	26,379,028	852,552	439,797	-	1,975	(1,198,880)	13,542,670	45,408,241	(5,391,103)	40,017,139
Heritage assets	52,392	-	52,392	25,896	-	-	-	(1,553)	(5,735)	71,000	-	71,000
	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	5,696,229	-	5,696,229	3,896,969	(638,886)	-	-	-	-	8,954,311	-	8,954,311
Total assets	226,009,567	(6,857,830)	219,151,737	7,616,201	(0)	-	1,975	(4,784,891)	13,536,935	245,688,300	(10,166,346)	235,521,954



Note 11 Property, plant and equipment – cont'd

	Cost/revaluation	Accumulated depreciation	Carrying amount	Current year additions	Current year transfers	Current year disposals	Accumulated depreciation on disposals	Current year depreciation	Revaluation	Cost/revaluation	Accumulated depreciation	Carrying amount
	30-Jun 2019	30-Jun 2019	30-Jun 2019							30-Jun 2020	30-Jun 2020	30-Jun 2020
30-Jun-20	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Infrastructural assets</i>												
Roads, streets & footpaths – land	5,952,052	-	5,952,052	-	-	-	-	-	-	5,952,052	-	5,952,052
Roads, streets & footpaths	147,589,761	(3,326,303)	144,263,457	1,753,513	-	-	-	(1,712,055)	10,516,745	154,821,660	-	154,821,660
Water systems - treatment plant & facilities	1,793,359	-	1,793,359	259,280	9,190	-	-	(964)	-	2,061,829	(964)	2,060,865
Water systems - other	8,072,519	-	8,072,519	562,565	6,232	-	-	(520,452)	-	8,641,317	(520,452)	8,120,864
Sewerage systems - treatment plant & facilities	2,004,107	-	2,004,107	1,104	322,674	-	-	(1,079)	-	2,327,885	(1,079)	2,326,805
Sewerage systems - other	5,845,659	-	5,845,659	655,867	468,797	-	-	(560,015)	-	6,970,324	(560,015)	6,410,309
Stormwater systems	7,439,808	-	7,439,808	-	-	-	-	(108,275)	-	7,439,808	(108,275)	7,331,533
	178,697,265	(3,326,303)	175,370,961	3,232,330	806,893	-	-	(2,902,841)	10,516,745	188,214,873	(1,190,785)	187,024,088
<i>Operational assets</i>												
Land	10,081,400	-	10,081,400	130,435	-	-	-	-	-	10,211,835	-	10,211,835
Buildings	13,131,656	(488,910)	12,642,746	107,808	-	-	-	(489,089)	-	13,239,467	(978,000)	12,261,467
Fixtures & fittings	2,968,116	(1,535,466)	1,432,650	249,308	-	-	-	(268,382)	-	3,217,424	(1,803,847)	1,413,577
Office equipment	723,392	(563,472)	159,920	90,334	-	-	(2)	(77,524)	-	813,726	(640,998)	172,728
Library collections	534,267	(179,519)	354,749	54,323	-	-	-	(105,848)	170,269	473,492	-	473,492
Motor vehicles	1,183,517	(773,504)	410,013	119,331	-	(16,374)	16,369	(91,095)	-	1,286,474	(848,230)	438,244
Plant & equipment	1,752,507	(1,257,671)	494,835	306,428	-	(19,306)	7,193	(115,880)	-	2,039,629	(1,366,357)	673,272
Landfill	214,000	-	214,000	-	-	-	-	-	-	214,000	-	214,000
Water races	550,025	(2,622)	547,403	-	-	-	-	(26,990)	-	550,025	(29,612)	520,413
	31,138,880	(4,801,164)	26,337,716	1,057,967	-	(35,680)	23,561	(1,174,808)	170,269	32,046,072	(5,667,045)	26,379,028
Heritage assets	45,500	-	45,500	7,918	-	-	-	(1,026)	-	52,392	-	52,392
	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	3,515,555	-	3,515,555	2,987,567	(806,893)	-	-	-	-	5,696,229	-	5,696,229
Total assets	213,397,199	(8,127,467)	205,269,732	7,285,782	-	(35,680)	23,561	(4,078,675)	10,687,014	226,009,567	(6,857,830)	219,151,737



Note 12 Valuation of Property, plant and equipment

Valuation—general

Land, buildings (operational and restricted), library books, and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. All other assets are carried at depreciated historical cost.

Council assesses the carrying values of its revalued assets annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Council accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the statement of financial performance. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the statement of financial performance will be recognised first in the statement of financial performance up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Valuation—specific

Land (operational)

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the "unencumbered" land value where there is a designation against the land or the use of the land is restricted because of reserve and endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

The most recent valuation was performed by independent valuers Ashley Pont (Valuer, BLPM), Maria McHugh (Registered Valuer, B.Com (VPM), MPINZ) and Jaime Benoit (BAppl Sci (VFM and Ag) MPINZ) of QV Asset & Advisory, and the valuation is effective as at 30 June 2021. The landfill liner and water races are carried at deemed cost. Additions are recorded at cost.

Buildings (operational and heritage)

Specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- the replacement asset is based on the replacement cost of the specific assets as at the date of valuation less an allowance for any physical and economic obsolescence to date and for any over-design
- the replacement cost is derived from recent construction contracts of similar assets, reference to publications such as the Rawlinsons Construction Handbook, recent costing obtained from construction details and Property Institute of New Zealand cost information

- the remaining useful life of assets is estimated
- straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset

Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value.

The most recent valuation was performed by independent valuers Ashley Pont (Valuer, BLPM), Maria McHugh (Registered Valuer, B.Com (VPM), MPINZ) and Jaime Benoit (BAppl Sci (VFM and Ag) MPINZ) of QV Asset & Advisory, and the valuation is effective as at 30 June 2021. Heritage assets are also included in this category. Additions are recorded at valuation.

Infrastructural asset classes: wastewater, water, stormwater, and roads, streets and footpaths

Wastewater, water, stormwater and roading infrastructural assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- estimating any obsolescence or surplus capacity of the asset
- estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets
- estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over- or under-estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

The most recent valuation for roads, streets and footpaths was performed by independent valuer John Vessey (BE (Civil), BA (Economics), CPEng, FIPENZ, Affiliate Member of PINZ, and member of ACENZ) of WPS International Consultants, and the valuation is effective as at 30 June 2020. All roads, streets and bridge assets were valued. Additions are recorded at cost. The Council's most recent estimate of the replacement cost for roads, streets and footpaths is \$215,705,000 based on the 30 June 2020 valuation.



The most recent valuation for sewerage systems, water systems and storm-water was performed by independent valuer John Vessey (BE (Civil), BA (Economics), CPEng, FIPENZ, Affiliate Member of PINZ, and member of ACENZ) of WPS International Consultants, and the valuation is effective as at 30 June 2019. All wastewater, water and stormwater assets were valued. Additions are recorded at cost.

The Council's most recent estimate of the replacement cost for sewerage systems, water systems and storm-water is \$54,146,564 based on the 30 June 2019 valuation as follows:

Sewerage systems – treatment plant & facilities	\$4,588,751
Sewerage systems – other	\$14,342,322
Water systems – treatment plant & facilities	\$4,916,203
Water systems – other	\$19,522,271
Stormwater	\$10,777,017

Land under roads

Land under roads was valued based on fair value of adjacent land determined by independent valuer John Vessey (BE (Civil), BA (Economics), CPEng, FIPENZ, Affiliate Member of PINZ, and member of ACENZ) of WPS International Consultants, effective 30 June 2002. Under NZ IFRS, the CDC has elected to use the fair value of land under roads as at 30 June 2002 as deemed cost. Land under roads is no longer revalued.

Library collections

Library collections are valued at depreciated replacement cost in accordance with the guidelines released by the National Library of New Zealand in May 2002. The library valuation was performed by The valuation was undertaken by Brian Sharman (CMEngNZ, CPEng) and reviewed by Mark Gordon (CMEngNZ, CPEng, INTPE), both being Directors of IAMC Limited, and having relevant experience for carrying out the valuation. The valuation is effective as of 30 June 2020.

Impairment

There were no impairment losses in 2021 (2020 \$nil).

Finance leases

The net carrying amount of plant and equipment held under finance leases is \$35,745 (2020: \$12,212).

Note 13 Creditors and other payables

Short-term creditors and other payables are recorded at their face value.

	30-Jun 2021	30-Jun 2020
	\$	\$
<i>Payables under exchange transactions</i>		
Trade payables	1,268,384	1,178,708
Deposits and bonds	204,330	171,908
Accrued expenses	143,138	382,002
	<u>1,615,851</u>	<u>1,732,618</u>
<i>Payables under non-exchange transactions</i>		
Revenue in advance	162,108	160,688
Government contributions not fully applied	543,000	-
Rates in advance	245,360	211,232
	<u>950,468</u>	<u>371,920</u>
Total creditors and other payables	<u>2,566,319</u>	<u>2,104,538</u>

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of creditors and other payables approximates their fair value. In 2020/21, Council received advice that Government will provide Carterton District Council with \$1.84 million as part of its 3 Waters Stimulus Package. To 30 June 2021, Council had received \$920,000 and spent \$377,000.



Note 14 Employee Entitlements

Short-term employee entitlements

Employee benefits expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, long service leave entitlements expected to be settled within twelve months, and sick leave.

A liability for sick leave is recognised to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent it will be used by staff to cover those future absences.

A liability and an expense is recognised for bonuses where the Council has a contractual obligation or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement,
- the likelihood that staff will reach the point of entitlement and contractual entitlements information, and
- the present value of the estimated future cash flows.

A discount rate of 3.19% and an inflation factor of 2.00% were used. The discount rate is based on the weighted cost of borrowing. The inflation factor is based on Local Government Cost Index maintained by BERL for personnel.

Presentation of employee entitlements

Sick leave, annual leave, vested long service leave, and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Superannuation schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

	30-Jun 2021	30-Jun 2020
	\$	\$
Accrued pay	144,444	131,635
Annual leave	345,001	415,441
Long service leave	69,694	81,823
Time off in lieu	7,601	14,560
Retirement gratuities	-	-
Sick leave	8,521	6,798
Total employee entitlements	575,260	650,257
Comprising:		
Current	525,294	589,916
Non-current	49,966	60,340
Total employee entitlements	575,260	650,257

Note 15 Borrowings

Borrowings are initially recognised at their fair value net of transactions costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance date or if the borrowings are expected to be settled within 12 months of balance date.

During 2019/20 Council agreed and entered a non-guarantee arrangement with the Local Government Funding Agency to enable the Council to borrow up to \$20 million, wholly or in part, to fund capital expenditure. This arrangement will entail the issue of financial instruments reflecting the debt incurred and is secured by way of a multi-party trust deed that also encompasses borrowings with the Bank of New Zealand.



	30-Jun 2021	30-Jun 2020
	\$	\$
Current		
Bank overdraft	-	-
Secured loans	407,857	662,649
Debentures	-	-
Lease liabilities	7,160	-
Total current borrowings	415,018	662,649
Non-Current		
Secured loans	6,752,504	7,172,966
Debentures	-	-
Lease liabilities	28,641	-
Total non-current borrowings	6,781,145	7,172,966

The range of interest rates applying to the above loans is 2.98% to 4.77% with a weighted average of 3.19% (2020: 3.70%). Loans are secured by way of rates.

Fixed-rate debt

The Council's secured debt of \$7,196,163 (2020: \$7,853,232) is issued at fixed rates of interest.

Security

The Council's external loans are secured over either separate or general rates of the district.

	2021	2020
	\$	\$
Less than one year	415,019	745,065
<i>weighted average effective interest rate</i>	3.08%	3.70%
Later than one year but not more than five years	6,781,144	7,108,166
<i>weighted average effective interest rate</i>	3.19%	3.69%
Later than five years	-	-
<i>weighted average effective interest rate</i>	0.00%	0.00%

Internal borrowings

	2021	2020
	\$	\$
Internal loans		
As at 1 July	5,480,947	-
Loans advanced	3,406,062	5,480,947
Repayments	-	-
As at 30 June	8,887,009	5,480,947
These loans applied to the following activities:		
Sewerage	8,642,263	5,280,705
Waste management	183,855	183,855
Planning	60,891	16,387
	8,887,009	5,480,947
Interest charged	326,806	-

Internal borrowings reflect capital expenditure for a council activity funded by internal resources held for another.

Fair values of non-current borrowing

The carrying amounts of borrowings repayable approximate their fair value, as the effect of discounting is not significant.

Financial Instruments – both current and non-current: application of the policies outlined for these financial instruments is reflected in the following:

FINANCIAL LIABILITIES	30-Jun 2021	30-Jun 2020
	\$	\$
Fair value through profit and loss – held for trading		
Derivative financial instrument liabilities	-	-
Financial liabilities at amortised cost		
Creditors and other payables	2,023,319	1,732,618
Borrowings:		
- finance leases	35,801	17,616
- secured loans	7,160,362	7,839,216
- debentures	-	-
Total financial liabilities at amortised cost	9,219,482	9,589,450



Note 16 Equity

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- Public equity – accumulated funds
- Restricted reserves
- Other reserves – trust funds
- Asset revaluation reserves
- Fair value through other comprehensive revenue and expense reserves

	2021	2020
Public equity	\$	\$
As at 1 July	118,617,991	116,735,364
<i>Transfers to:</i>		
Restricted and other reserves:		
Special Reserves	(993,779)	(663,855)
<i>Transfers from:</i>		
Restricted and other reserves		
Depreciation reserves	(384,499)	309,181
Targetted rate reserves	(157,046)	(359,141)
Transfers from revaluations reserve	-	-
Prior period adjustment due to liability overstatement	201,561	-
Surplus / (deficit) for the year	2,884,219	2,596,442
As at 30 June	120,168,447	118,617,991

Restricted reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

Restricted reserves are those subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Council's objectives, policies and processes for managing capital are described in note 20.

	2021	2020
	\$	\$
Restricted reserves		
As at 1 July	4,406,533	3,742,678
<i>Transfers to:</i>		
Public equity		
<i>Transfers from:</i>		
Public equity to Special Reserves	993,779	663,855
As at 30 June	5,400,313	4,406,533
<i>Restricted reserves consist of:</i>		
Restricted reserves	5,275,499	4,267,130
Hall Board reserves	43,478	57,359
Trusts	77,645	74,036
Other trusts	3,690	8,008
Total restricted reserves	5,400,313	4,406,533

Other reserves

Other reserves include the depreciation reserves that in part fund replacement of infrastructural and operational assets used by the Council to provide services.

	2021	2020
	\$	\$
Other reserves		
As at 1 July	6,495,130	6,445,170
<i>Transfers to:</i>		
Public equity from		
Depreciation reserves	384,499	(309,381)
Targetted rate reserves	157,046	359,341
<i>Transfers from:</i>		
Public equity		
As at 30 June	7,036,675	6,495,130

**Revaluation reserves**

These reserves relate to the revaluation of property, plant and equipment to fair value, as well as the fair value of shares held by the Council in other entities.

Fair value through other comprehensive revenue and expense reserves

This reserve comprises the cumulative net change in the fair value of fair value through other comprehensive revenue and expense.

	2021	2020
	\$	\$
Revaluation reserves		
As at 1 July	92,250,566	81,561,324
Revaluation gains / (losses) in Statement of Comprehensive Income	13,537,661	10,689,242
Transfer from public equity for Revaluation gains / (losses) in Statement of Financial Performance	-	-
Transfer to public equity on disposal of property, plant, and equipment and financial assets	-	-
As at 30 June	105,788,227	92,250,566

	2021	2020
	\$	\$
Asset revaluation reserves consist of:		
<i>Infrastructure assets</i>		
Roads, streets and footpaths	68,115,202	68,112,202
Water systems	8,374,325	8,374,325
Sewerage systems	1,862,626	1,862,626
Stormwater systems	5,577,782	5,577,782
<i>Operational assets</i>		
Land	14,454,821	3,654,621
Buildings	6,947,540	4,208,070
Forestry	-	-
Library collections	432,242	432,242
Landfill	-	-
<i>Restricted assets</i>		
Heritage assets	20,739	26,474
Total asset revaluation reserves	105,785,277	92,248,341
Fair value revaluation reserves consist of:		
As at 1 July	2,225	-
Net revaluation gains / (losses) in Hall Board Fund Accounts	-	-
Net revaluation gains / (losses) in shares held (note 8)	726	2,225
Total fair value revaluation reserve	2,951	2,225
Total revaluation reserves	105,788,227	92,250,566

Note 17: Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets at 30 June 2021 (2020: Nil).

Note 18: Capital management

The Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.



The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long-Term Plan and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. And the Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's Long-term Plan.

The Council has the following Council -created reserves:

- Reserves for different areas of benefit
- Trust and bequest reserves
- Self-insurance reserves

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rates. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds generally can only be approved by Council.

Trust and bequest reserves are set up where the Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purposes they were donated.

Note 19: Related party transactions

Key management personnel

Key management personnel comprise the Mayor, Councillors, the Chief Executive and the Leadership Team (tier two managers).

During the year, key management personnel, as part of a normal customer relationship, were involved in minor transactions with the Council (such as payment of rates etc).

Engagements such as these are made on an arms-length basis under commercial terms. An arms-length transaction occurs when conducted on normal commercial terms between two independent parties as part of an organisation's ordinary course of business.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2020: \$nil).

	30-Jun 2021	30-Jun 2020
	\$	\$
<i>Mayor & Councillors</i>		
Remuneration	298,301	270,526
Full-time equivalent members	9	9
<i>Chief Executive and Leadership Team</i>		
Remuneration	719,685	185,892
Full-time equivalent members	5	1
Total key management personnel remuneration	1,017,986	456,418
Total full-time equivalent personnel	14	10

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the average number of Councillors.

The change in the number of full-time equivalents for Chief Executive and Leadership Team this year is due to a reassessment of the definition of key management personnel, due to changes in the management team.



Note 20: Events after balance date

- The Council refinanced all external borrowing (\$7.2 million at 30 June) in July 2021. Borrowings were previously with BNZ and were refinanced through LGFA to take advantage of low interest rates offered through LGFA.
- On 18 August 2021 New Zealand went into Alert Level 4 lockdown as a result of Covid-19 in the Auckland community. Carterton District moved to Alert Level 3 lockdown on 1 September 2021, then Alert Level 2 on 8 September 2021. During Alert Levels 3 and 4, Council provides essential services only. Under Alert Level 2, there are stronger social distancing practices and lowered patronage at community facilities such as the library. Overall, the changes in Alert Levels did not significantly impact user charges collected.
- On 3 September 2021 Wairarapa Water Ltd (WWL) announced development of the Wakamoekau Community Water Storage Scheme had ceased, due to resource consent issues. Council had included a \$400,000 loan in the 2021-2031 Ten Year Plan to WWL for the scheme. This loan has not been drawn down.
- In September 2021 Central Hawkes Bay Earthmovers Ltd (CHB) and Council entered into independent mediation to finalise extension of times claims relating to the Wastewater Treatment Pond upgrade project. Neither the CHB claimed extension of time estimates (Council cost), nor any completion delay penalties (Council revenue) have been included in the 2021 financial statements due to the level of uncertainty at this time.

Note 21: Covid-19 Impacts

During August and September 2020 and February and March 2021, Carterton District moved into Alert Level 2 along with other parts of the country. In all other parts of the year, Carterton District remained in Alert Level 1.

- At Alert Level 2, the Council enforced stronger social distancing practices and noted lowered patronage at community facilities such as the library. There were no disruptions to infrastructure servicing. This did not materially affect the amount of user charges collected during the year.
- At Alert Level 1, the Council continued to run business as usual.

Also see note 20 which refers to the Covid-19 lockdown after balance date.

Note 22: Three Waters Reform

In July 2020, the Government launched the Three Waters Reform Programme – a three-year programme to reform local government three waters service delivery arrangements. Currently 67 different councils own and operate the majority of the drinking water, wastewater and stormwater services across New Zealand. The proposed reform programme is being progressed through a partnership-basis approach with the local government sector, alongside iwi/Māori as the Crown's Treaty Partner.

Following the Government announcement on the 27 October 2021 on 3 waters reform, there is increased certainty with the proposal to transfer the three-water delivery and infrastructure from the 67 councils to four Water Service Entities (WSEs). In June 2021, the Government proposed regional boundaries for each entity A, B, C and D, which would manage water assets for the country. Council would belong to WSE 'C', along with 22 other Councils. Based upon the current proposals, the WSE would be independent with a separate Board of Directors and Councils would have no shareholding and no financial interest. At the date of this annual report being approved for issue there is due to this announcement, increased certainty that should the legalisation be enacted, Council will not be responsible for the delivery and infrastructure of three water services from 1 July 2024.

Note 23: Explanation of major variances against budget

Explanations for major variations from the Council's estimated figures in the Annual Plan for 2020/21 are as follows:

Statement of Financial Performance

Overall, the significant increase in the operating surplus in comparison to the Annual Plan reflects the unanticipated economic response arising from the Covid-19 pandemic lockdowns in 2020. This response gave rise to higher than planned levels in infrastructure and other financial contributions and receipts from fees and charges, primarily building consents, from continuing developmental activity within the District. The presence of E.coli within the urban water supply imposed both costs on Council to identify and remedy the cause and constraint on urban residents and businesses. There was continued activity on improving Council services including shared services with other Wairarapa Councils, leading to increased staff levels.

**Statement of Other Comprehensive Revenue and Expense**

There has been recognition of the small increase in fair value of the Kaipaitangata Forest investment, and the value of cash deposits held by the Community Hall Boards who administer the community facilities in the West Taratahi, Belvedere and Longbush areas within the District. Land and building assets held by Council were this year revalued to reflect current replacement values. The revaluation was positive and increased the asset revaluation reserves accordingly.

Statement of Movements in Equity

The change in retained earnings reflects the current operating surplus for this year and a transfer made to the restricted reserves. The increases in value for the Kaipaitangata Forest and in revaluation reserves for land and building assets held by the Council reflect their revaluation in 2020/21. There has also been a small increase in fair value of cash deposits held by Community Hall Boards and in equities held by Council. The restricted reserves reflect changes in the respective holdings in the targeted rates reserve, Council's depreciation reserves used to support capital expenditure and the special reserves administered by the Council.

Statement of Financial Position

The overall position of the Council is that it is currently able to meet commitments having sufficient means to cover current liabilities. The positive economic activity during 2020/21 was also reflected in improved rates and regulatory fees collection leading to receivables at levels significantly below that anticipated in the Annual Plan. Improved cash flows over recent years have enabled internal funding of property, plant and equipment, limiting any increase in external debt.

Statement of Cashflows

Council has been able in the current year to use positive operating cash flows from income exceeding operating expense to internally fund the investment in property, plant and equipment, increase internal reserves as well as reduce external debt.



Other legislative disclosures

Local Government Act 2002 – Financial disclosures

The Local Government Act 2002 sets out a number of disclosure requirements for Councils over and above the generally accepted accounting practice (GAAP) information. New disclosures were added in legislative changes and additions to the Local Government (Financial Reporting and Prudence) Regulations 2014.

Insurance of assets

The Local Government Act 2002 requires that from 2014 the annual report include information about the insurance of assets.

	Carrying amount at 30 June 2021	Carrying amount at 30 June 2020
<i>Insurance contracts</i>	\$	\$
Material damage		
Subject to range of deductibles-\$5,000 for most claims, and 5% of site value for earthquakes.	27,606,700	27,606,700
Forestry		
Maximum cover of \$20,000 for hail, no cover for windstorm, volcanic activity, earthquake, or landslip. Deductible of 1.5% of Property Declared Value subject to minimum \$10,000 per loss occurrence.	973,000	766,931
Motor vehicle		
Insured for market value. Carrying amount has been used for this disclosure.	438,246	410,014
<i>Risk sharing arrangements</i>		
Infrastructural assets as member of LAPP		
This is 40 percent of the estimated replacement cost of the scheduled assets. A deductible of \$60,000 applied.	23,645,978	16,868,760
Central government assistance		
Under the 'Guide to the National Civil Defence Emergency Management Plan', the government may fund 60 percent of the cost of repair or recovery of essential infrastructure assets. A deductible of .0075 percent applied.		
<i>Self-insured</i>		
To cover deductibles and uninsured assets	35,618,967	25,393,141
Total assets insured	88,282,891	71,045,546

Rating base information

The Local Government Act (Amendment No.3) includes a clause 30A in Schedule 10. The information below satisfies the disclosure requirements of that clause and adds comparative information for the current year.

Rating base	30-Jun 2021	30-Jun 2020
These values represent the opening values and number of rating units at the beginning of each financial year ending:	\$	\$
Capital value	2,912,755,700	2,851,353,700
Land value	1,515,666,700	1,494,445,700
All rating units	5,173	5,077
Urban residential rating units	2,531	2,441

Statement of special funds reserves

The Council maintains special funds reserves as a sub-part of its equity. Schedule 10, clause 31 of the Local Government Act 2002 requires certain information to be included in the Annual Report about these reserves. Reserve funds as 'money set aside by a local authority for a specific purpose'. Reserves are part of equity, which may or may not be physically backed by cash/investments. Reserves are often used to separate a funding surplus of an activity. The purpose and activities of each reserve is set out in the Council's investment policy, as follows.

The Council has a number of specific cash investments that represent monies put aside for a particular purpose as follows:

Equipment Purchase and Renewal Fund—Funds predominantly used for the purchase of plant, equipment vehicles and IT equipment.

Recreation and Reserve Account—Funds from Recreation Reserve levies as provided for in the District Plan. Funds to be used for the purchase of Esplanade Reserves and Strips as required under the Resource Management Act or for the purchase or development of new or existing recreation reserves.

Roading Emergency Fund—Contingency fund to be used for emergency roading works, eg damage caused by flooding. A contribution of 0.5 percent of general rates to be made to the fund annually.

Rural Water Contingency Fund—Contingency fund to be used to upgrade or replace the water race intakes. An annual contribution of \$5,000 is to be made to the fund from the water race targeted rates.



Waste Disposal Fund—Under the Waste Minimisation Act, a waste levy is charged on all waste disposed of in a landfill. Half the levy money goes to territorial authorities, on a population basis, so that they can improve waste minimisation in their areas.

Creative New Zealand Fund—Monies received from Creative New Zealand for the Council to distribute as grants for community arts.

Clareville Grave Maintenance Trust—Funds left in trust for the Council to maintain a grave at the Clareville Cemetery.

Memorial Square Fund—Established under the Carterton and District Memorial Square Act 1932 to obtain land and erect a memorial (now Memorial Square) and for the ongoing maintenance and upkeep of the memorial and of the associated public park or recreation ground.

WWII Memorial Trust—Joint Council and Carterton RSA initiative. Grants from interest earned on investment distributed to Carterton district residents undertaking tertiary education.

Longbush Domain, Belvedere Hall, and West Taratahi Hall—Monies held by the respective community organisations for activities in association with the community halls and property in their communities owned by the Council.

Election Contingency Fund—Monies set aside by Council in non-election years to assist with the costs of elections.

Workshop Depot Upgrade Fund—Monies set aside by Council for the upgrade of the garage workshop in the Council Operations Depot.

Combined District Plan Fund—Monies set aside by Council to help meet the costs of the five-yearly review of the Combined District Plan.

Roading Contributions Fund—Monies from Rooding Contribution levies as provided for in the District Plan. Funds to be used for upgrading and expanding the district's roading network.

Infrastructure Contributions Fund—Monies from Infrastructure Contribution levies as provided for in the District Plan. Funds to be used for upgrading and expanding public water supplies, and the disposal of sewage and stormwater.

Waingawa Infrastructure Contributions Fund—Monies from Waingawa Infrastructure Contribution levies as provided for in the District Plan. Funds to be used for upgrading and expanding water supply and the disposal of sewage for the Waingawa industrial area.

Waingawa Industrial Zone Services Deficit Fund—Monies set aside by Council to smooth out deficits and surpluses from the provision of services during the development of the Waingawa Industrial Zone.

	30-Jun 2021	30-Jun 2020
Equipment purchase and renewal fund	\$	\$
Opening balance	1,768	1,703
Deposits	27	65
Withdrawals	-	-
Closing balance	1,795	1,768
Recreation and reserve account		
Opening balance	722,062	599,729
Deposits	404,750	289,593
Withdrawals	(53,063)	(167,260)
Closing balance	1,073,748	722,062
Rooding emergency fund		
Opening balance	437,671	421,865
Deposits	5,933	15,806
Withdrawals	-	-
Closing balance	443,604	437,671
Rural water contingency fund		
Opening balance	63,745	61,580
Deposits	864	2,165
Withdrawals	-	-
Closing balance	64,609	63,745



	30-Jun 2021	30-Jun 2020
Waste disposal fund		
Opening balance	139,552	132,887
Deposits	103,831	37,849
Withdrawals	(101,939)	(31,184)
Closing balance	141,443	139,552
Creative New Zealand fund		
Opening balance	1,224	1,182
Deposits	17	42
Withdrawals	-	-
Closing balance	1,240	1,224
Clareville grave maintenance trust		
Opening balance	2,449	2,447
Deposits	1	2
Withdrawals	-	-
Closing balance	2,450	2,449
Memorial Square fund		
Opening balance	8,249	7,946
Deposits	109	303
Withdrawals	-	-
Closing balance	8,358	8,249
WWII Memorial trust		
Opening balance	76,284	73,955
Deposits	3,361	4,329
Withdrawals	(2,000)	(2,000)
Closing balance	77,645	76,284
Longbush Domain fund		
Opening balance	4,721	4,340
Deposits	387	381
Withdrawals	-	-
Closing balance	5,108	4,721

	30-Jun 2021	30-Jun 2020
West Taratahi Hall fund		
Opening balance	22,431	24,583
Deposits	12,608	-
Withdrawals	-	(2,152)
Closing balance	35,039	22,431
Election contingency fund		
Opening balance	40,322	38,953
Deposits	548	1,369
Withdrawals	-	-
Closing balance	40,870	40,322
Workshop depot upgrade fund		
Opening balance	25,533	24,592
Deposits	264	941
Withdrawals	-	-
Closing balance	25,797	25,533
Combined district plan reserve		
Opening balance	82,075	79,288
Deposits	83	2,787
Withdrawals	-	-
Closing balance	82,158	82,075
Roading contribution fund		
Opening balance	1,054,221	963,948
Deposits	397,321	220,708
Withdrawals	-	(130,435)
Closing balance	1,451,542	1,054,221



	30-Jun 2021	30-Jun 2020
Infrastructure contributions fund		
Opening balance	1,515,781	1,109,575
Deposits	186,545	422,550
Withdrawals	-	(16,344)
Closing balance	1,702,326	1,515,781
Waingawa infrastructure contributions fund		
Opening balance	164,615	152,745
Deposits	33,438	11,870
Withdrawals	-	-
Closing balance	198,052	164,615
Belvedere Hall fund		
Opening balance	3,183	2,093
Deposits	147	1,090
Withdrawals	-	-
Closing balance	3,330	3,183
Waingawa industrial zone services deficit fund		
Opening balance	40,647	39,267
Deposits	551	1,380
Withdrawals	-	-
Closing balance	41,198	40,647
Special funds reserves - summary		
Opening balance	4,406,533	3,742,678
Deposits	1,150,783	1,013,230
Withdrawals	(157,003)	(349,375)
Closing balance	5,400,313	4,406,533



Financial prudence benchmarks

Annual report disclosure statement for year ended 30 June 2021

What is the purpose of this statement?

The purpose of this statement is to disclose the council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Rates affordability benchmark

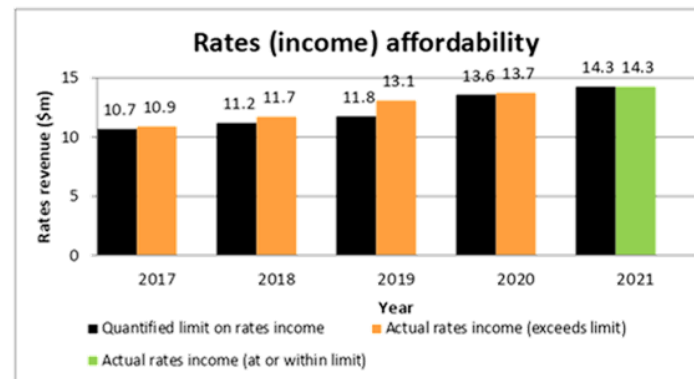
The council meets the rates affordability benchmark if—

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increase equals or is less than each quantified limit on rates increases.

Rates (income) affordability

The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's ten-year plan. The quantified limit is budgeted rates revenue in the long-term plan.

Carterton District Council has not set a definite dollar value as its quantified level for rates income; rather the Council has set the quantified level applicable each year to be that calculated using the prior year average rate multiplied by the forecast number of rateable units at the BERL local government cost index plus 2%.

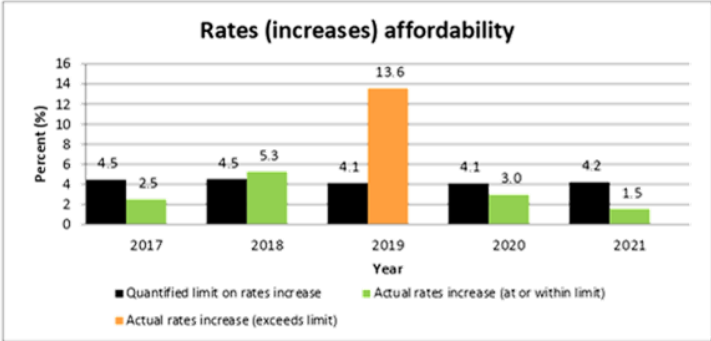


In the graph above, the limits and actuals for 2017 to 2021 include the additional water-by-meter rates.



Rates (increases) affordability

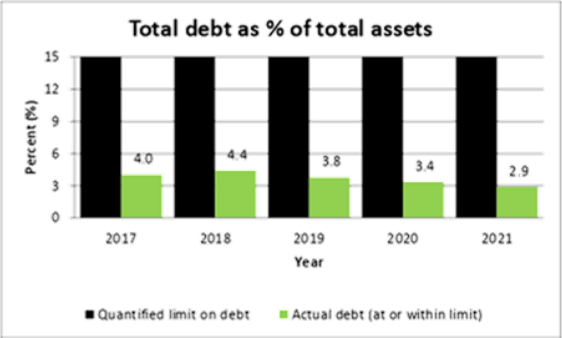
The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's long-term plan. The quantified limit is the percentage change in average rates²⁵ must not exceed the increase in the opening BERL local government cost index plus 2 percent.



Debt affordability benchmark

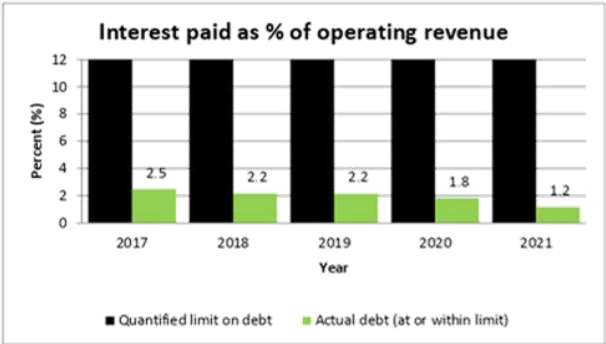
The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is that total debt as a percentage of total assets must not exceed 15 percent.

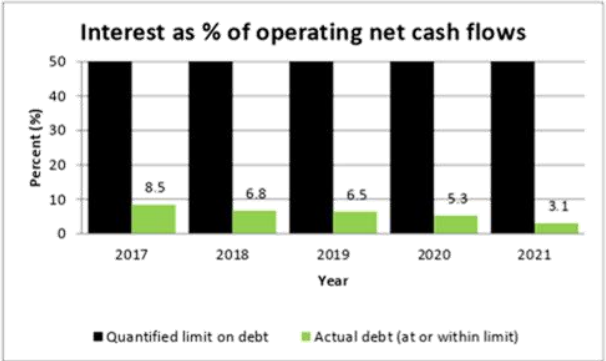


The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is that gross interest paid on term debt must not exceed 12 percent of gross operating revenue.

²⁵ The average rates is the total rates income divided by the total number of rates assessments.



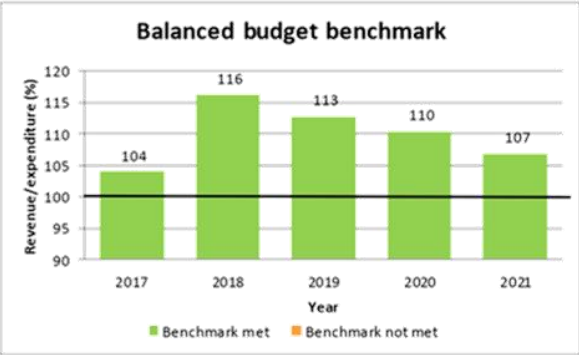
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is that gross interest expense must not exceed 50 percent of net cash inflow from operating activities.



Balanced budget benchmark

The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The council meets this benchmark if its revenue equals or is greater than its operating expenses.

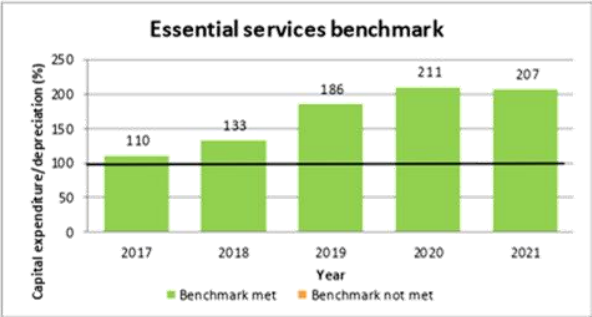




Essential services benchmark

The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services.

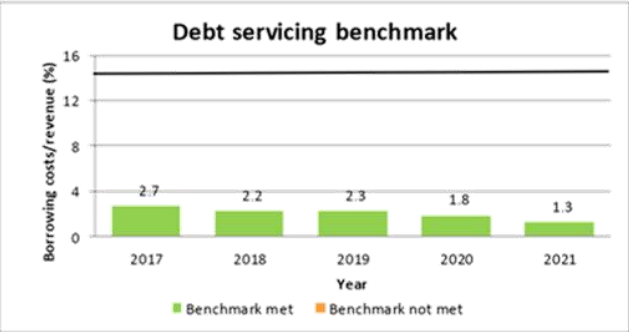
The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



Debt servicing benchmark

The following graph displays the council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the council's population will grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 15% of its revenue.





Debt control benchmark

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

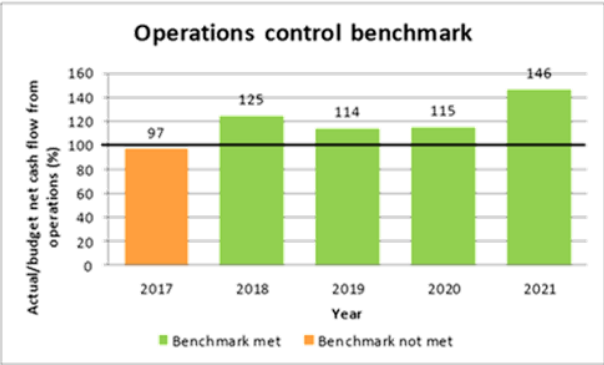
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



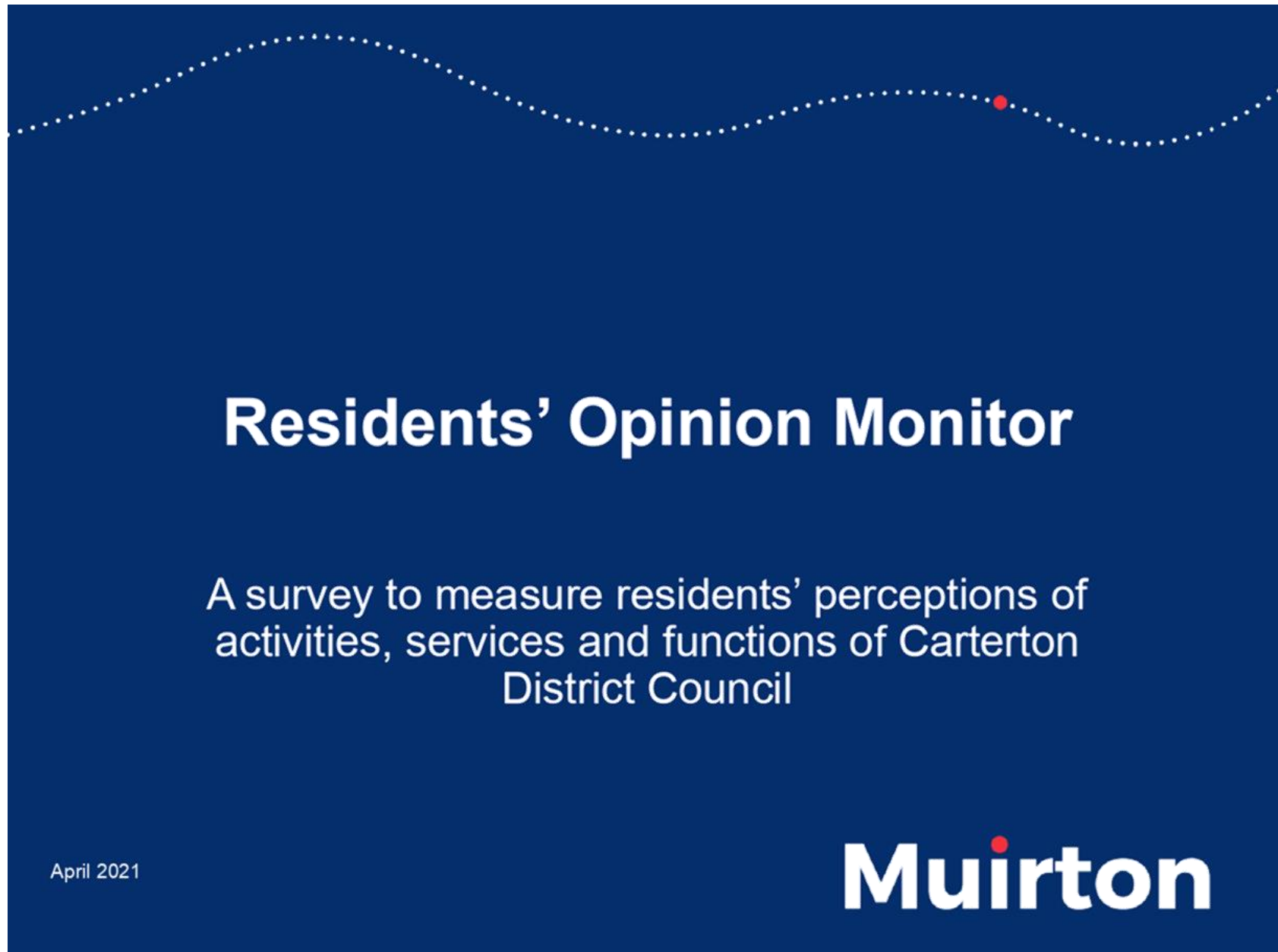
Operations control benchmark

This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



Over the period 2017-2021, other revenue was significantly higher than planned whereas expenditure across most areas was in line with planned, other than in sewerage where actual expenditure was less than planned due to lower than planned borrowing and delayed capital spend.



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Section 1:
Background, design and method

Muirton

Background, design and method

1

Introduction:

Carterton District Council has previously undertaken surveys of its residents in 2017, 2018 and 2020 for the purpose of assessing how well it is servicing the community, and to identify opportunities where residents would value improvements. The survey conducted in 2021 is a continuation of the prior surveys. Specific objectives are:

- To gather opinions and views on the performance of the Council that are highly representative of the community
- To provide measurements across the set of all major customer-facing processes, activities and deliverables for which the Council is responsible
- To identify opportunities for improvements that will be valued by the community, including prioritisation of these

A number of additional questions were added in 2020 to achieve a more holistic set of measurements. The same questionnaire has been used in 2021 to facilitate comparisons.

2

Survey design:

- The sample was drawn from the Electoral Roll, this being the most comprehensive database of residents living within the Carterton District. All adults between the ages of 18 years and 85 years were included in the sample frame
- A stratified design was employed to minimise variation and therefore reduce the potential for bias. The design also facilitated achieving a final dataset that is closely aligned with known population distributions and thus requiring minimal weighting. This is reflected in the weight required having a mean of 1.01 and standard deviation of 0.3
- Within each stratum, the sample was created using a random number generator
- The total sample created was n=2,400

3

Survey method:

- The method was a sequential mixed method with residents being invited, via a postal invitation, to complete an online questionnaire
- An initial invitation letter was posted on 10th March 2021 inviting online completion. On 23/24th March, a reminder was posted, which included a paper questionnaire with free return postage, with this being followed by a reminder postcard on 31st March. Data collection was closed on 15th April

4

Outcome:

- A total sample of n=597 was achieved. The response rate was 25.6%, allowing for undeliverable mail and those incapable of completing the survey
- The sample has an expected margin of error of +/- 4.0% at a 95% Confidence Interval (95%CI)

4

The logo for Muirton, featuring the word "Muirton" in a bold, blue, sans-serif font. The letter 'i' in "Muirton" has a red dot above it.




Section 2:
Executive summary

Muirton


Executive summary and recommendations

- 1




Value perceptions remain low having declined between 2018 and 2020

A high proportion of residents (70%) don't believe that they are receiving sufficient benefit by way of infrastructure, amenities and services from the Council in return for what they pay in rates and other fees. This low perception of value is also influencing other outcomes, such as overall satisfaction with the Council's performance, which remains low (45%), having also declined between 2018 and 2020.
- 2




Improving infrastructure will deliver benefit

After pricing related measures, 'infrastructure' has the most impact on value perceptions (13%) and this is being evaluated less favourably with only 46% of residents satisfied. Rooding still represents the best improvement opportunity since this accounts for the majority (41%) of the overall score for 'infrastructure'. Focussing on 'off-road walkways and cycleways', 'footpaths' and 'urban roads' will continue to be valued by residents since these have the most influence in terms of rooding, and performance scores remain low; 30%, 43% and 53% respectively.
- 3



Restore reputation as a 'licence to operate'

The Council's image and reputation declined significantly between the 2018 and 2020 surveys (47% down from 65%) and remains low (48%). Improving this measure is crucial since it has a reasonable degree of influence on the overall evaluation (9% impact). Furthermore, and importantly, a strong reputation is necessary to enable organisations to achieve their objectives and goals. Work to encourage community engagement has improved (51% up from 40%), and this represents an encouraging start to rebuilding reputation performance.
- 4




Increase engagement with urban planning

'Core services', being comprised of urban planning, waste services and regulatory services, are having less impact on value perceptions (5%). However, there is evidence that residents are taking a greater interest in urban planning, partly due to the number of new subdivisions and potential impact on infrastructure. Because urban planning accounts for most of the impact within the core services area (54%) and performance is low (49%), it would be worthwhile increasing community engagement.


Executive summary and recommendations (Continued)

- 5




Addressing price as the key driver of value; 54% impact

'Pricing and payment options' continue to be the most important driver of overall value perceptions (54% impact), and the evaluation remains low (29%). Perceptions of *'rates being fair and reasonable'* has declined further with only 19% of residents satisfied (42% in 2017). The low perception of value is having a negative influence on the assessment of the Council's performance and aspects of its *'image and reputation'*. To improve perceptions, residents need more clarity around what they receive in return for what they pay, and transparency around how rates are being spent.
- 6



Leverage the strengths; public facilities and outdoor spaces

The district's public facilities and outdoor spaces continue to be evaluated well (74% and 75%, respectively) and represent areas of strength. However, both of these areas are currently having little influence on overall perceptions. Therefore, given their strong performance, increased focus on communication may improve value recognition.
- 7



Develop communications to address the issues directly

There is evidence within the current survey that there is a stronger perception by residents of the Council's efforts to engage with them and increase participation in decision making. This reflects in the communication measure *'making it clear how you can be involved in the Council's decision making'* (45% up from 39%) and *'encouraging involvement'* within reputation (51% up from 40%). Communications that continue to emphasise opportunities for engagement, increase transparency, provide information about how rates are being spent and the value residents are receiving in return, will all help to create more positive perceptions across the wider community.

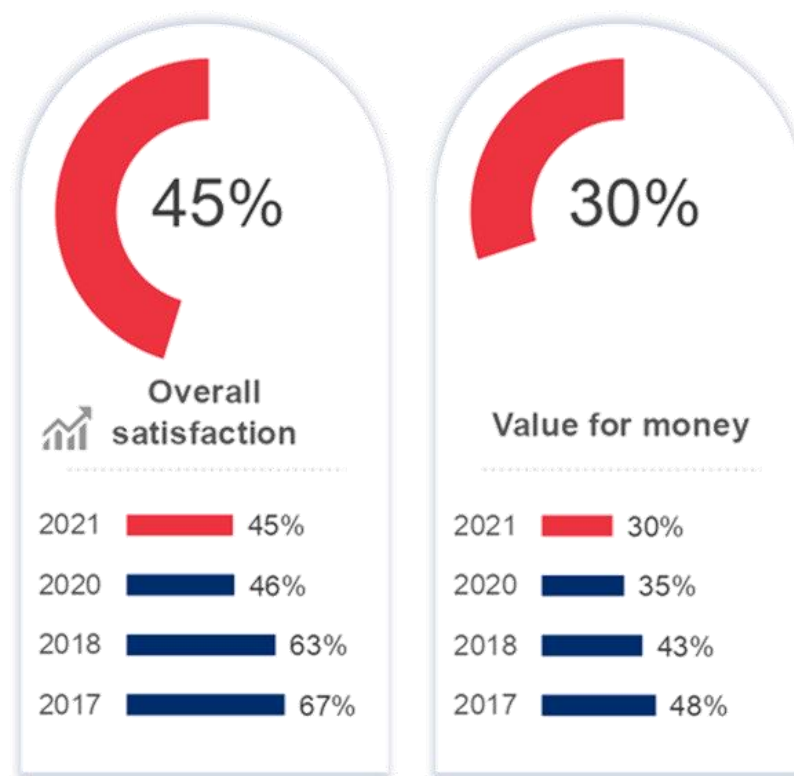



Section 3:
Key measures

Muirton

Residents continue to be less satisfied with both the performance of Council and with the value they received in return for what they paid, relative to the position back in 2017 and 2018

Overall level measures (%7-10)⁽¹⁾⁽²⁾⁽³⁾



Significant increase 95% CI 
Significant decrease 95% CI 

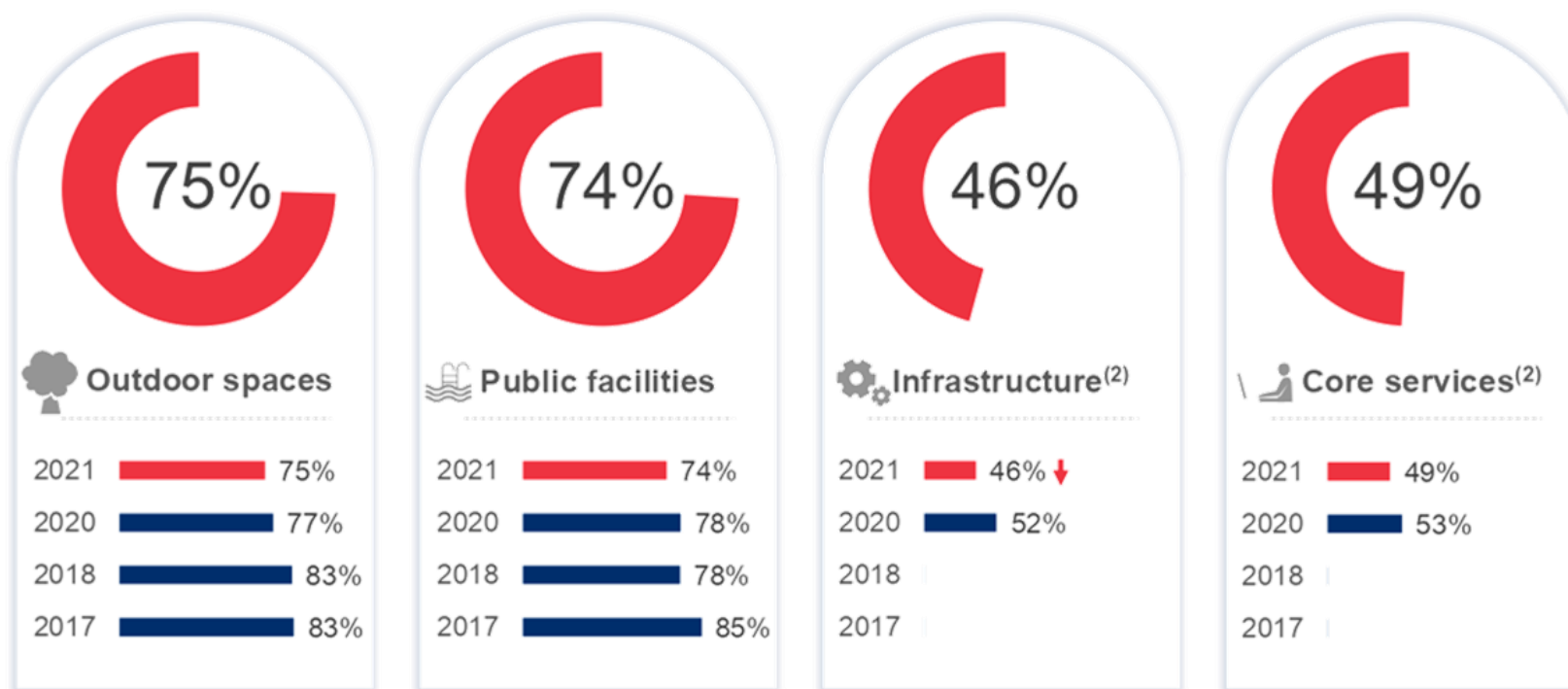
9

1. How satisfied are you with the performance of the Carterton District Council?
2. Considering everything that the Council provides..., how satisfied are you that you receive good value for the money you spend...?
3. Sample: Total 2021 n=597. 2020 n=658. 2018 n=885. 2017 n= 1.061

Muirton

The Council continues to be evaluated well for the provision of outdoor spaces and public facilities; however, residents are less satisfied with the district's infrastructure

Overall level measures (continued) (%7-10)⁽¹⁾⁽³⁾



Significant increase 95% CI ↑
Significant decrease 95% CI ↓

10



1. How would you rate your overall satisfaction with...?
2. New overall level questions added in 2020 for infrastructure and core services
3. Sample: Total 2021 n=597. 2020 n=658. 2018 n=885. 2017 n= 1.061

Muirton

The Council's fees continue to be seen as too high, which remains a significant source of dissatisfaction

Overall level measures (continued) (%7-10)⁽¹⁾⁽³⁾



Significant increase 95% CI 
Significant decrease 95% CI 

11

1. How would you rate your overall satisfaction with...?
2. New overall level questions added in 2020 for communications, wellbeing and fees / payments
3. Sample: Total 2021 n=597. 2020 n=658. 2018 n=885. 2017 n= 1.061

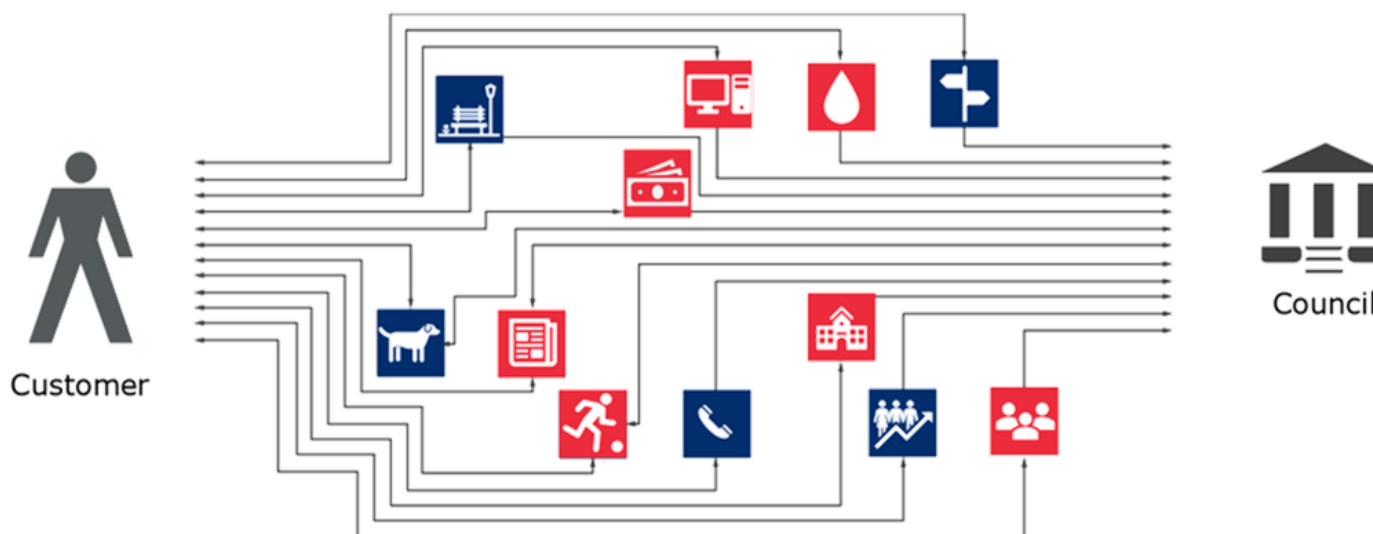
Muirton



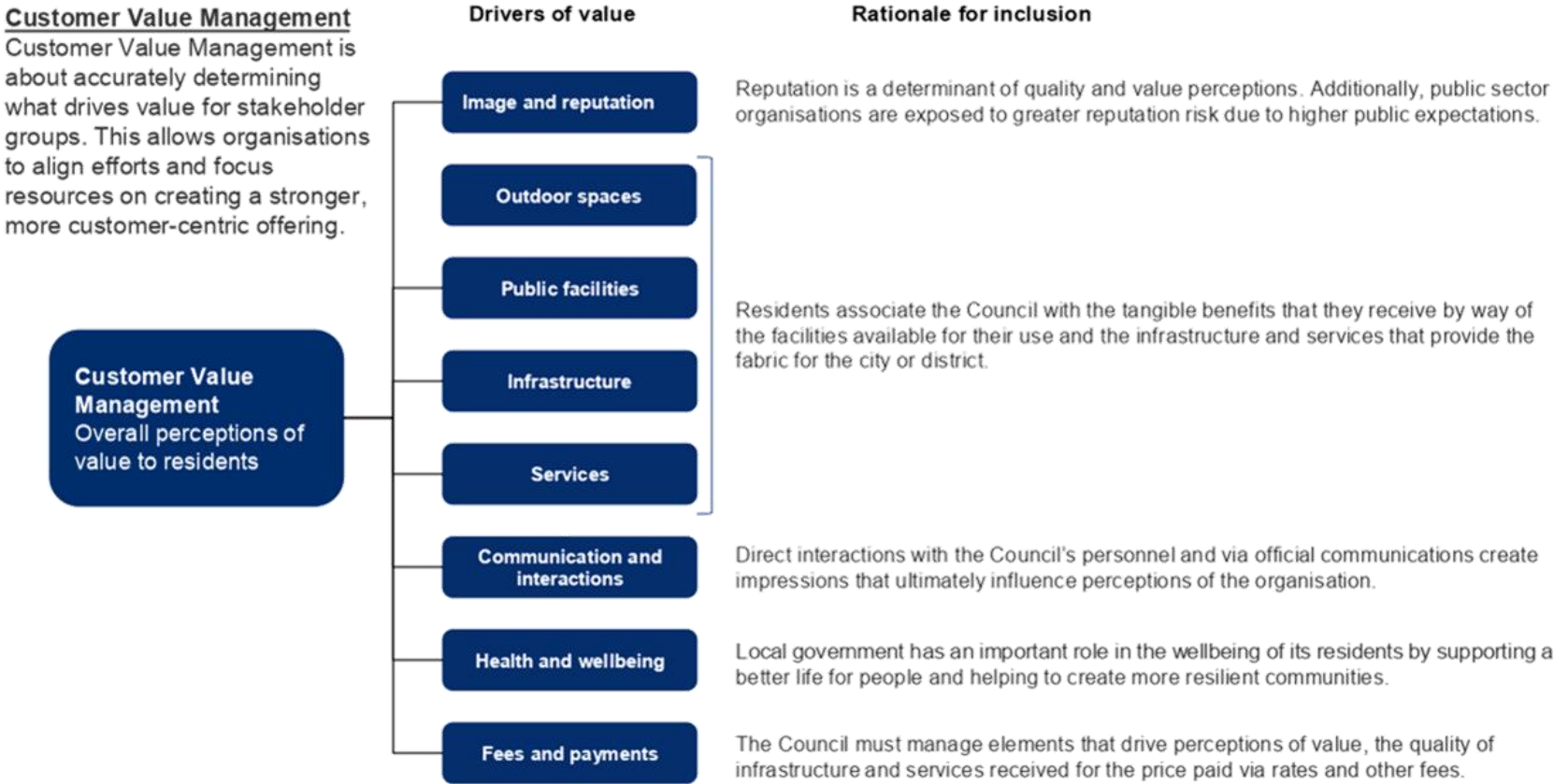
Section 4:
Customer value management explained

Muirton

Since customers interact with councils through multiple touchpoints and channels, each of which influences the customer experience differently, a comprehensive approach is needed for measuring performance



We have adopted a Customer Value Management (CVM) methodology that incorporates a holistic set of measurements to accurately measure the customer experience, and determine which services drive value for residents

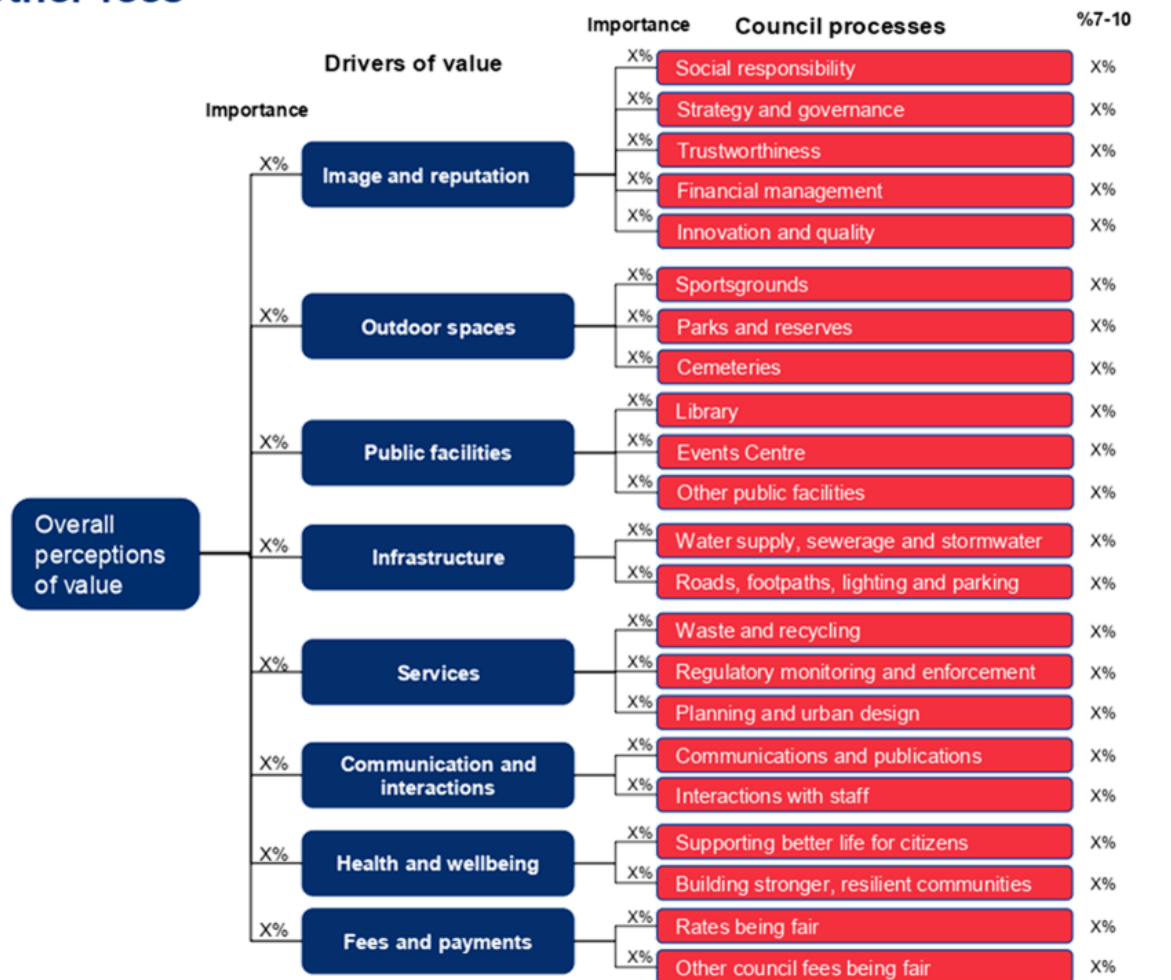


The elements that comprise each of the overall level measures are examined to understand how residents trade-off between what they receive for what they pay in rates and other fees

Illustrative framework

Overview of measures

- Residents are asked to score the Council on the various elements that influence value perceptions and over which the Council has control. This ensures that outputs are actionable
- Directly asking residents to rate importance is problematic, so we use statistics to derive scores for the drivers of value
- The model is expanded to include the various processes for which impact and performance scores are obtained



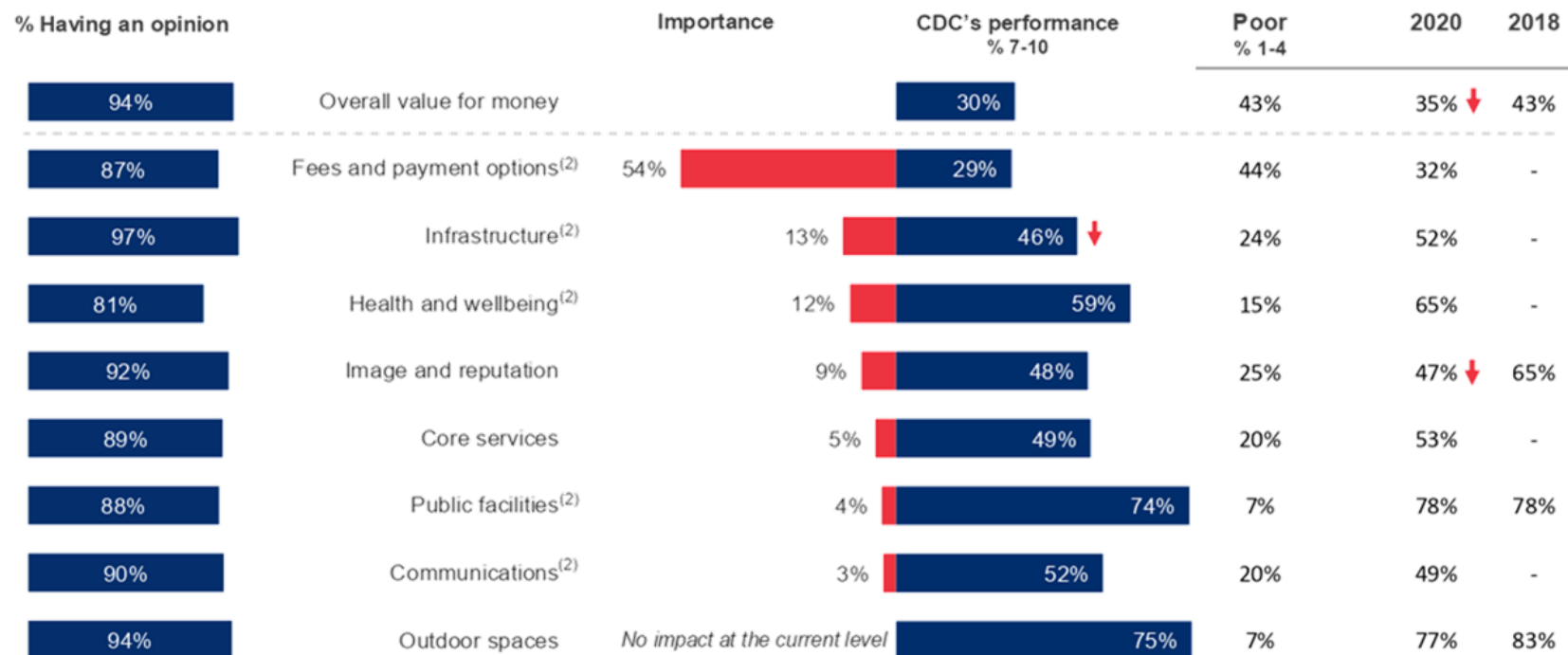


Section 5:
Customer value management analysis

Muirton

The impression of value is strongly influenced by the amount paid in rates and other fees, and as this area is being evaluated poorly, it continues to have a negative influence on other overall level perceptions of the Council

CVM analysis: Overall performance⁽¹⁾⁽³⁾



Significant increase 95% CI ↑
Significant decrease 95% CI ↓

17

1. Overall level questions are asked in the context of summarising the lower order questions which relate to the business area being examined

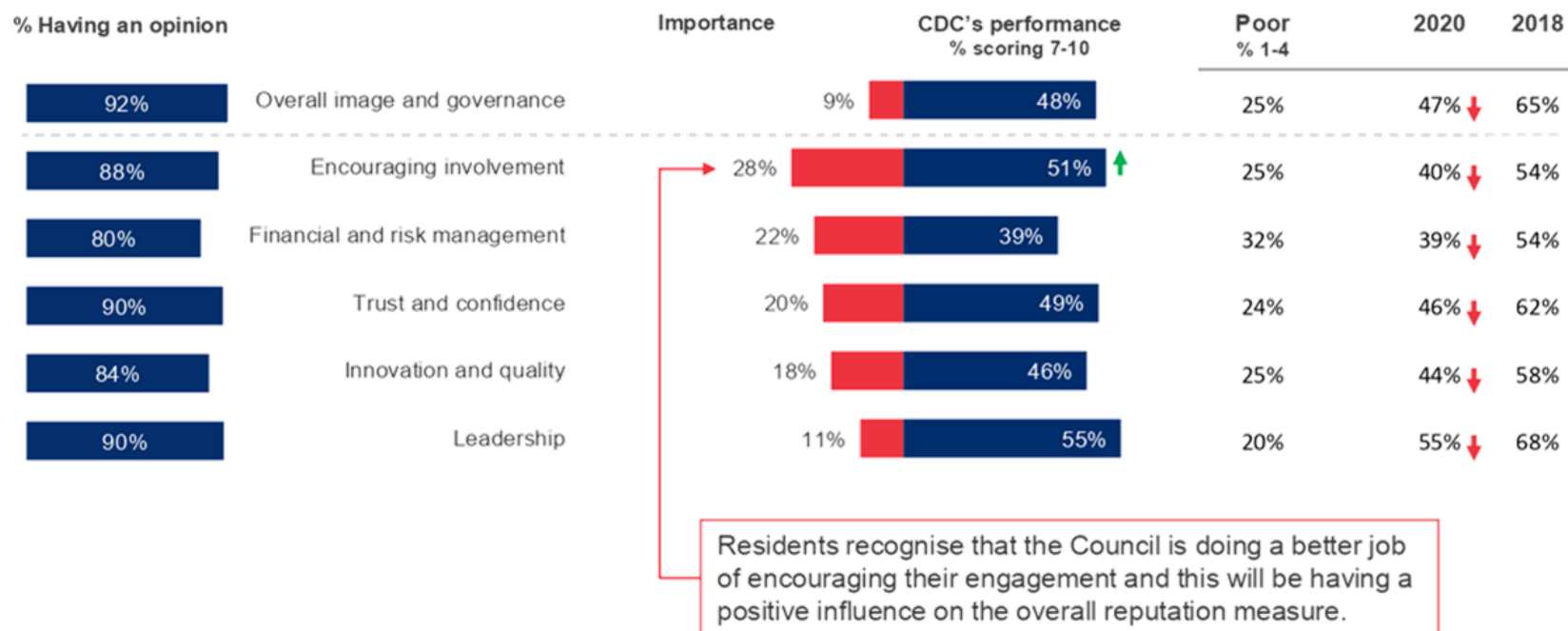
2. New questions for 2020

3. Sample: Total 2021 n=597. 2020 n=658. 2018 n=885

Muirton

Residents recognise that the Council is doing a better job of encouraging their engagement, and while this will positively affect the overall measure, more work is needed to restore the performance evaluation given the importance of reputation

CVM analysis: Image and reputation⁽¹⁾⁽²⁾



Significant increase 95% CI ↑
Significant decrease 95% CI ↓

18

1. Reputational measures ask residents to evaluate the Council's performance across a set of questions that are known to influence overall reputation. The model used for measuring reputation is broadly based on category topics identified by Fombrun et al. 2000
2. Sample: Total 2021 n=597. 2020 n=658. 2018 n=885

Muirton

Satisfaction with outdoor facilities and amenities remains high, and while there was a decline in the evaluation between 2018 and 2020 on some measures, results for the current year are stable

CVM analysis: Outdoor facilities⁽¹⁾⁽²⁾⁽³⁾

% Having an opinion		Importance	CDC's performance % scoring 7-10	Poor % 1-4	2020	2018
94%	Overall open spaces	No impact at the current level	75%	7%	77%↓	83%
99%	Parks and reserves	36%	87%	4%	85%↓	89%
91%	Street gardens	26%	74%	10%	74%↓	84%
97%	Sportsgrounds	23%	80%	5%	79%	78%
97%	Cemeteries	10%	90%	4%	89%	90%
98%	Playgrounds	5%	85%	4%	82%	83%

The proportion with an opinion relates to those who have used the specified facility within the last year. The measure for 'street gardens' and the overall level measure are across the total population.

Significant increase 95% CI ↑
Significant decrease 95% CI ↓

19

1. How would you rate your overall satisfaction with...?
2. Results for individual outdoor public facilities relate to those who have used the facility in the prior year. The measure for street gardens and the overall level measure are across the total population.

Muirton

Satisfaction with public facilities remains high (74%), as does satisfaction with individual facilities, with results for each of these being similar to the survey in 2020

CVM analysis: Public facilities⁽¹⁾⁽²⁾⁽³⁾

% Having an opinion		Importance	CDC's performance % scoring 7-10	Poor % 1-4	2020	2018
88%	Overall public facilities	4%	74%	7%	78%	78%
99%	Public toilets	53%	70%	13%	64% ↓	79%
95%	Events Centre	25%	87%	3%	83% ↓	90%
98%	Swimming pool	15%	81%	3%	82%	75%
96%	Information Centre	4%	91%	3%	90%	91%
99%	Library	3%	93%	1%	92%	94%

The proportion with an opinion relates to those who have used the specified facility within the last year. The overall level measure is across the total population.

Significant increase 95% CI ↑
Significant decrease 95% CI ↓

20

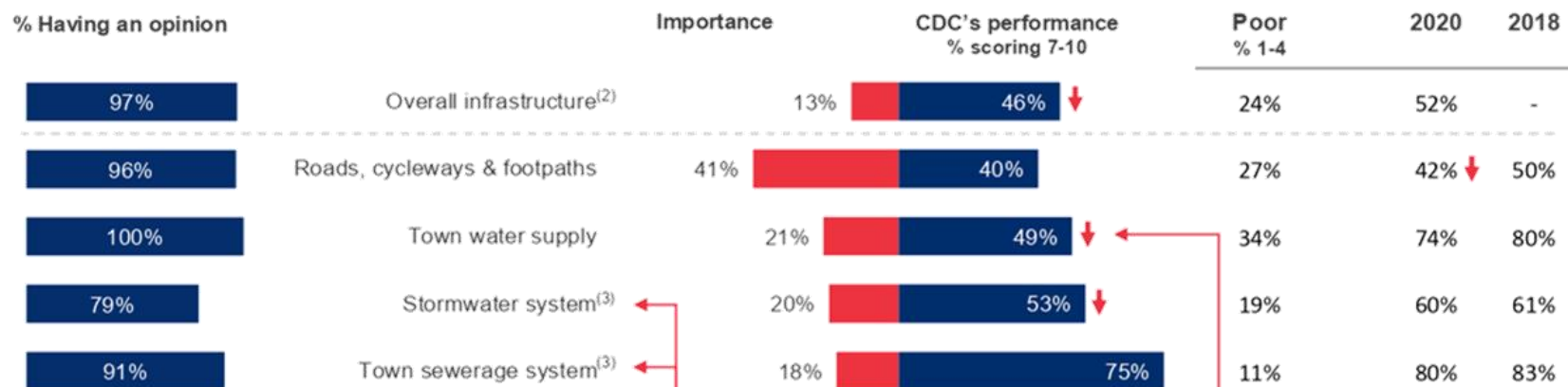
1. How would you rate your overall satisfaction with...?

2. Results for individual public facilities relate to those who have used the facility in the prior year. The measure for overall public facilities is across the total population, irrespective whether they have used a public facility in the last year

Muirton

Satisfaction with the district's infrastructure has declined, with this being influenced by a significantly lower evaluation of the town's water supply and, to a lesser extent, a lower evaluation of stormwater systems

CVM analysis: Overall infrastructure⁽¹⁾⁽⁴⁾



Results relate only to those who are connected to the town water supply and/or sewerage system respectively.

Verbatim comments suggest that the lower evaluation is being influenced by recent issues with E.coli detected in the water supply and with the need for water restrictions over the summer period.

Significant increase 95% CI ↑
Significant decrease 95% CI ↓

21

1. How would you rate your overall satisfaction with...?

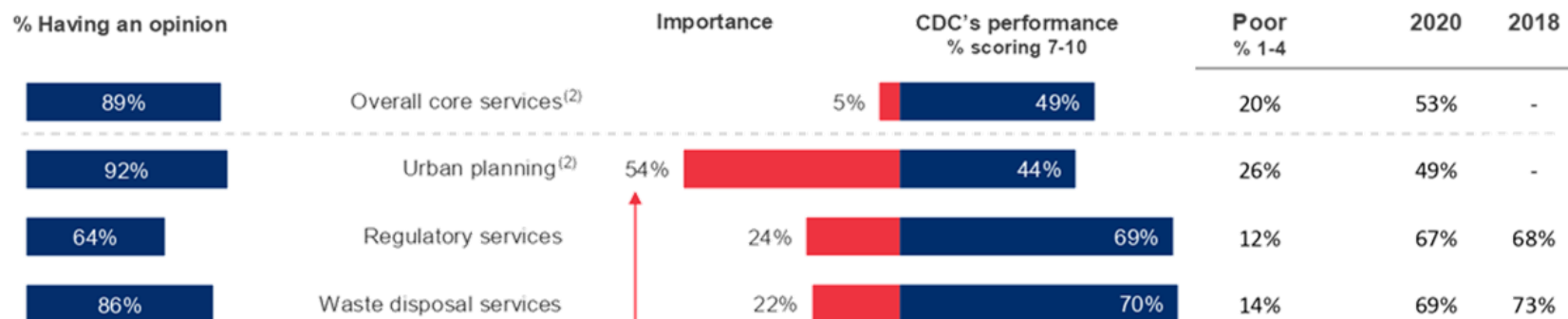
2. Overall infrastructure question was added in 2020

3. Results for the town water supply and for the town sewerage system relate to residents whose properties are connected

Muirton

Performance for ‘regulatory’ and ‘waste services’ are in line with the prior survey; however, the low score for ‘urban planning’ (44%) has an adverse influence on the overall level measure, and of note, this is growing in importance, possibly as a result of new subdivisions being developed

CVM analysis: Overall services⁽¹⁾⁽²⁾⁽³⁾



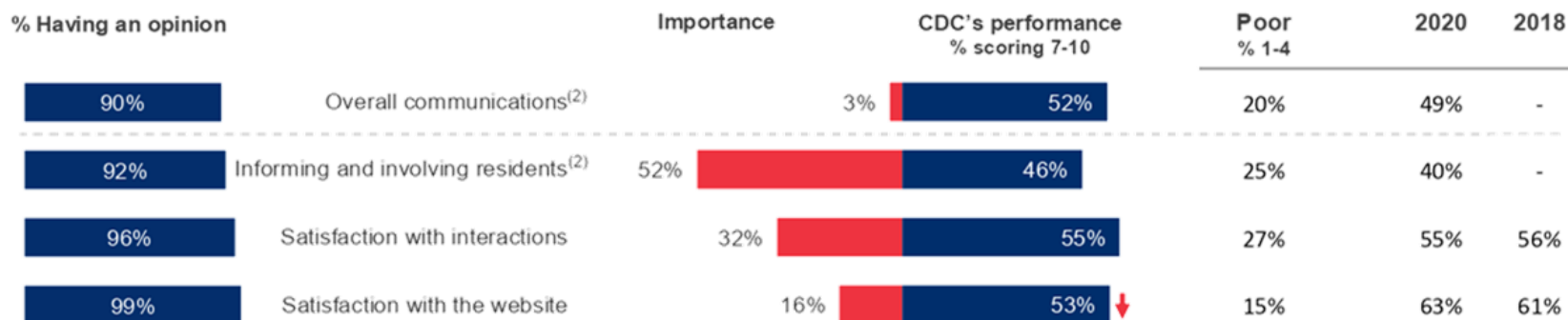
Verbatim comments indicate that urban planning is becoming more of a concern given the number of new subdivisions and their consequential impact on the district's infrastructure. The impact score has changed from 46% in 2020.

“Before approving new land subdivisions and building permits, you need more consultation with local residents”

“No more housing subdivisions until water and sewerage problems are dealt with”

Satisfaction with how the Council is working to ‘*inform and involve*’ residents shows an improvement which is pleasing given the potential influence this has; however, the website is being evaluated less favourably

CVM analysis: Communications⁽¹⁾⁽³⁾



23

1. How would you rate your overall satisfaction with...?

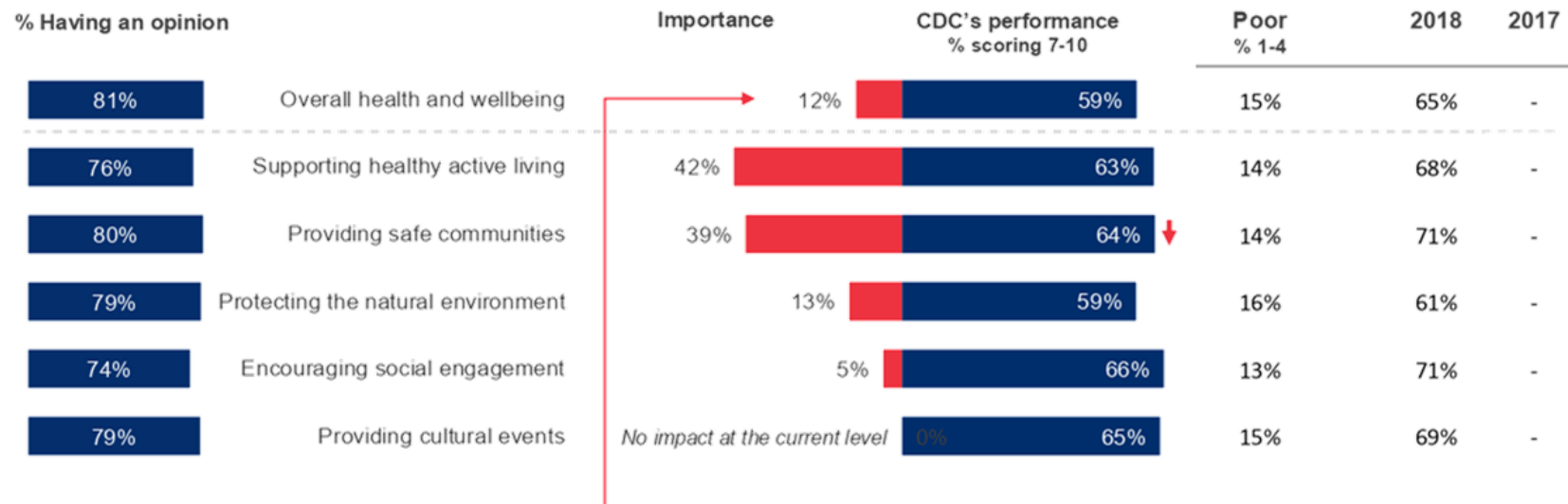
2. The overall level question for communications and the question for ‘*informing and involving residents*’ were added in 2020

3. Sample: Total 2021 n=597. 2020 n=658. 2018 n=885

Muirton

The need to demonstrate work to create a healthy and more resilient community is increasing in importance, and accordingly, the apparent decline observed across this area represents an improvement opportunity

CVM analysis: Health and wellbeing⁽¹⁾⁽²⁾⁽³⁾



The importance of 'health and wellbeing' is having more influence on residents' evaluation of the Council, having increased to an impact score of 12% from just 3% in 2020





24

1. How would you rate your overall satisfaction with...?
2. The health and wellbeing questions were introduced to the 2020 survey in recognition of the Council's responsibility under the recently passed Local Government (Community Wellbeing) Amendment Act 2019

Muirton

Fees charged, including rates, continue to have the most impact on residents' value perceptions (54% impact), and as rates are now seen to be unfair by much of the community (60%), this is having a negative influence across other metrics including the overall evaluation of the Council

CVM analysis: Fees and payment options⁽¹⁾⁽³⁾

% Having an opinion		Importance	CDC's performance % scoring 7-10	Poor % 1-4	2020	2018
87%	Overall fees and payment options ⁽²⁾	54%		44%	32%	-
77%	Fees for other services being reasonable	47%		41%	33%↓	46%
93%	Rates being fair and reasonable	35%		60%	25%↓	33%
85%	Fair payment system	18%		26%	48%↓	59%

“ Rural farming ratepayers are paying a very large amount of the Council's rates and receiving small value for money; rural roading, rubbish and water are non-existent

There are numerous comments in the verbatim questions that illustrate dissatisfaction with the Council's pricing.

Listen when ratepayers are telling you that we cannot afford to keep paying huge rates! Why should we have to move to other districts whose rates are affordable when we want to remain here in Carterton?

Carterton is a growing district. The town centre looks outdated and dowdy. Our rates are one of the highest in the country and our roads are some of the worst.”

Significant increase 95% CI ↑
Significant decrease 95% CI ↓

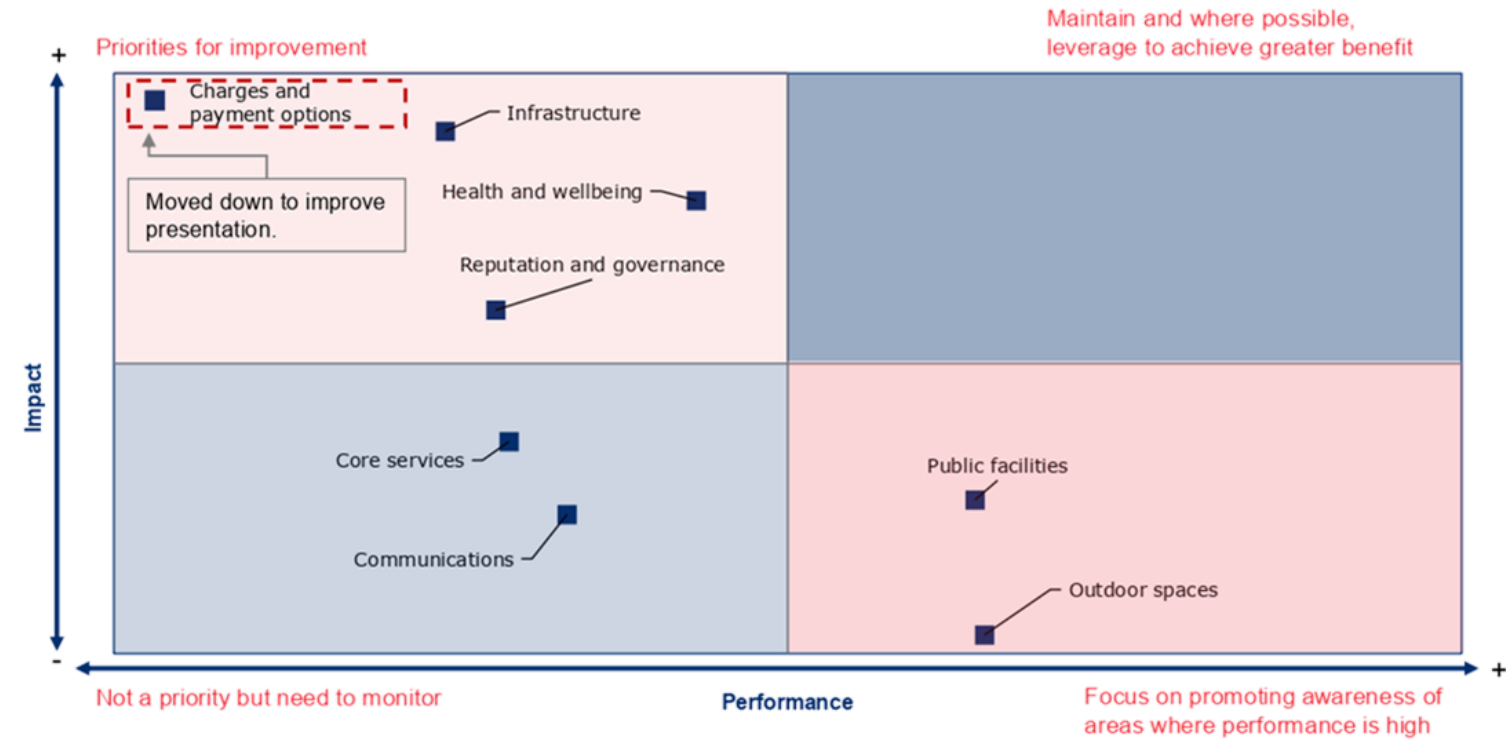
25

1. How would you rate your Council for each of the following...?
2. The measure 'Satisfaction with overall fees and payment options' was introduced in the 2020 survey
3. Sample: Total 2021 n=597. 2020 n=658. 2018 n=885

Muirton

Improving perceptions of fees and how these translate to value delivered offers the best opportunity to enhance overall value perceptions, while improving performance with ‘*infrastructure*’, ‘*reputation*’ and ‘*health and wellbeing*’ would also be beneficial to residents

CVM priority analysis⁽¹⁾



1. Sample: Total 2021 n=597

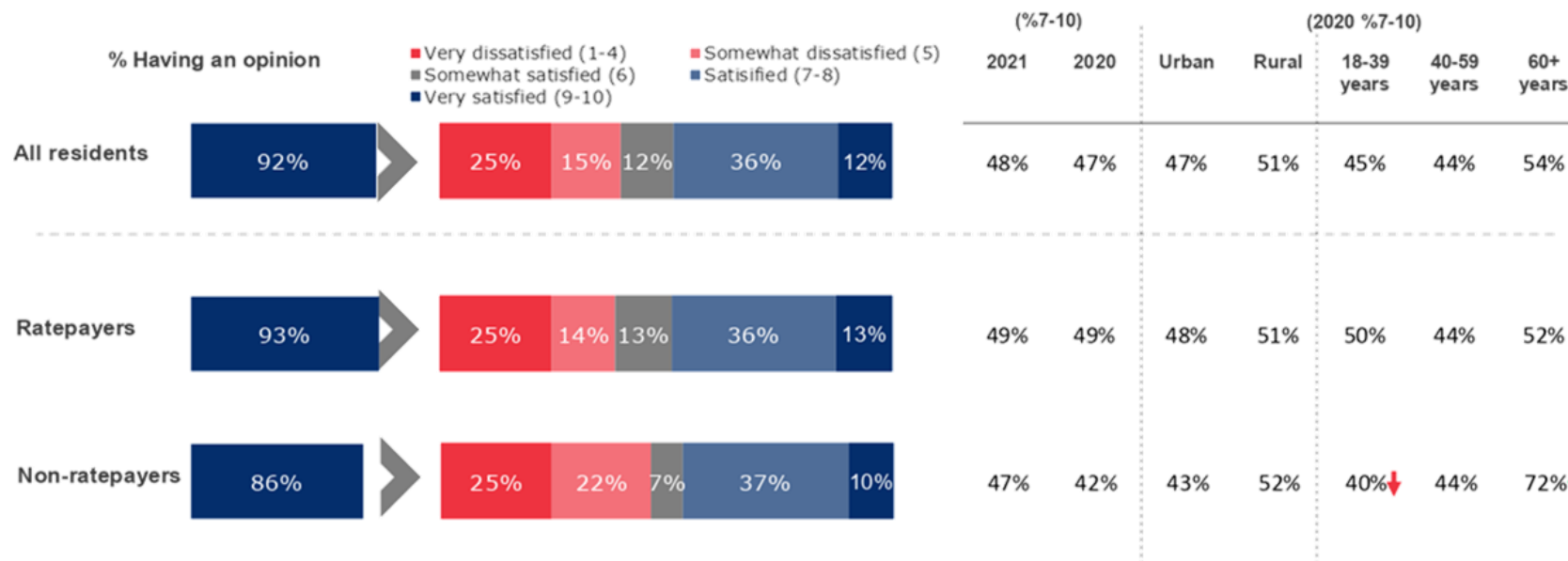


Section 6:
Reputation and governance

Muirton

Residents, both ratepayers and non-ratepayers, are about equally satisfied with the Council's image and reputation

Overall reputation and governance⁽¹⁾⁽²⁾⁽³⁾



28

1. Results within detailed bars may sum to +/- one point due to rounding

2. How would you rate your Council for...?

3. Sample: Total 2021 n=597. 2020 n=658. Ratepayers 2021 n=511. 2020 n=564. Non-ratepayers 2021 n=86. 2020 n=94

Significant increase 95% CI ↑
Significant decrease 95% CI ↓

Muirton

Trust in the Council shows an improvement among non-ratepayers, but in all other respects, results are similar to last year for both groups in terms of trust and leadership

Image and governance: Leadership⁽¹⁾⁽²⁾⁽³⁾

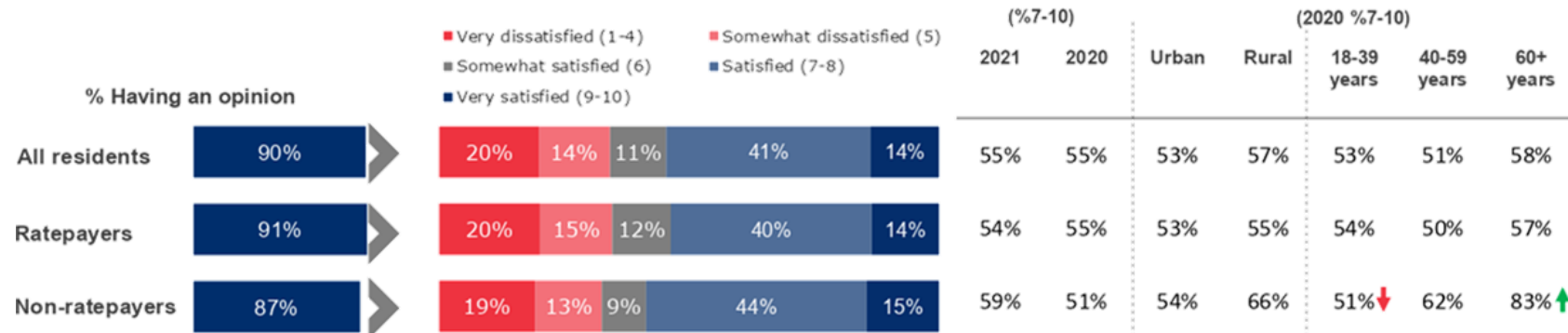
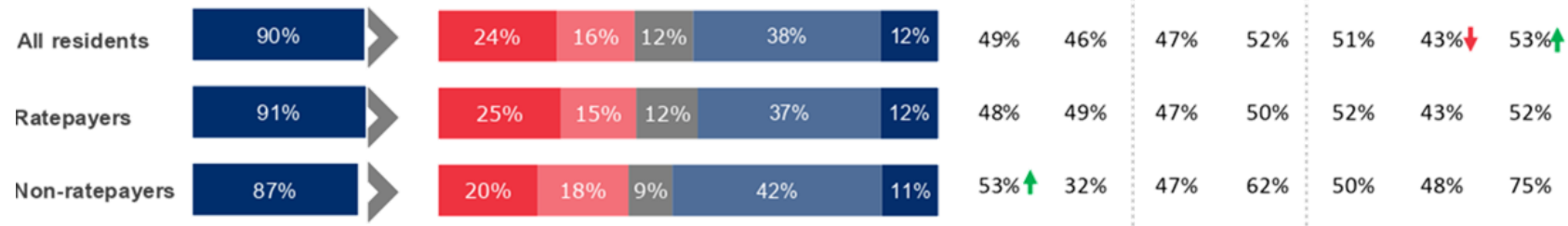


Image and governance: Trust and confidence⁽¹⁾⁽²⁾⁽³⁾



Significant increase 95% CI ↑
Significant decrease 95% CI ↓

29

1. Results within detailed bars may sum to +/- one point due to rounding

2. How would you rate your Council for...?

3. Sample: Total 2021 n=597. 2020 n=658. Ratepayers 2021 n=511. 2020 n=564. Non-ratepayers 2021 n=86. 2020 n=94

Muirton

While both ratepayer and non-ratepayer groups have equally low perceptions of the Council's financial management, it is noteworthy that a high proportion (20%) have insufficient knowledge to formulate an opinion

Image and governance: Financial management⁽¹⁾⁽²⁾⁽³⁾

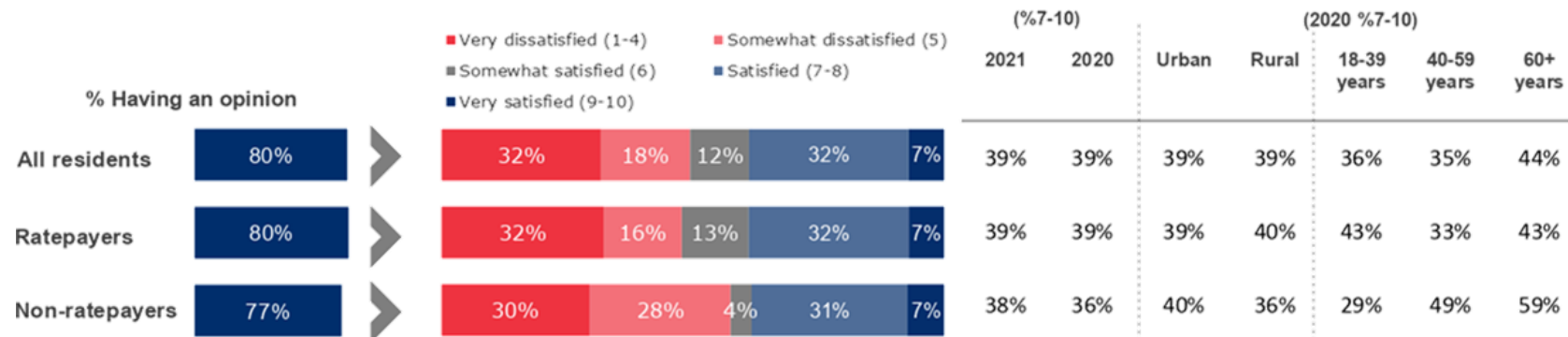
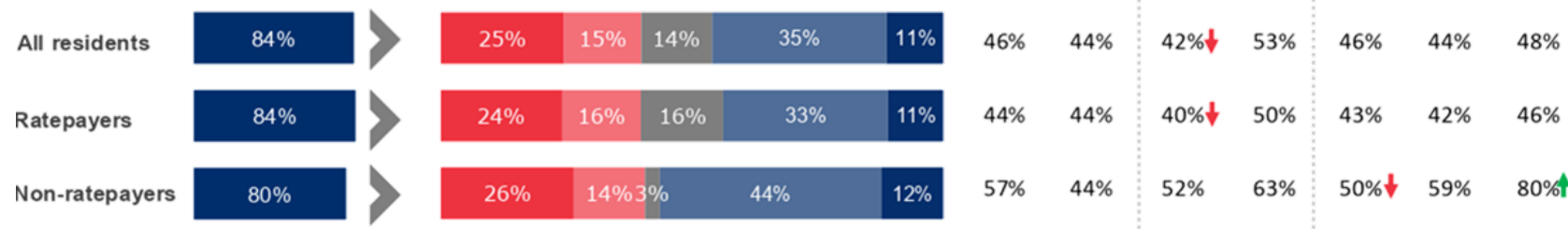


Image and governance: Innovation and quality⁽¹⁾⁽²⁾⁽³⁾



Significant increase 95% CI ↑
Significant decrease 95% CI ↓

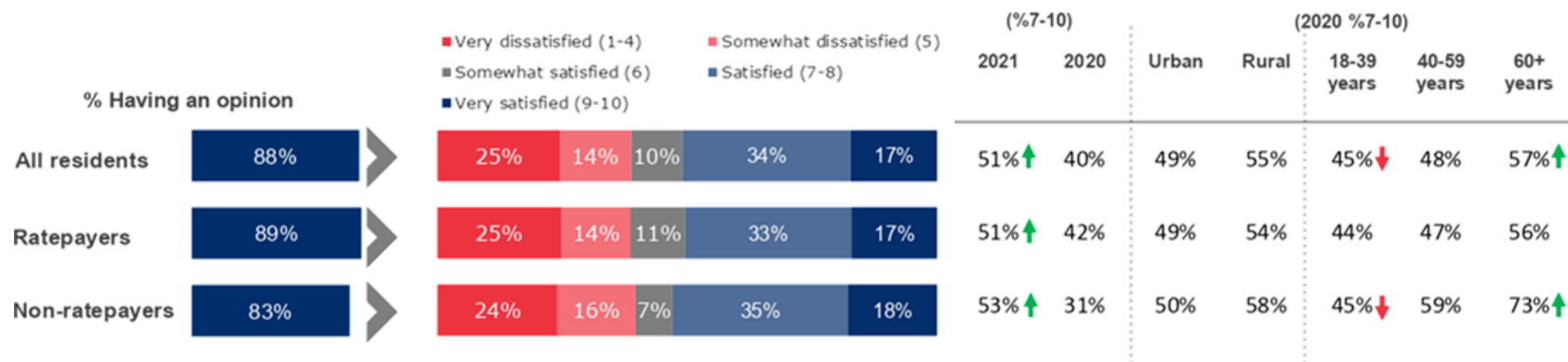
30

1. Results within detailed bars may sum to +/- one point due to rounding
2. How would you rate your Council for...?
3. Sample: Total 2021 n=597. 2020 n=658. Ratepayers 2021 n=511. 2020 n=564. Non-ratepayers 2021 n=86. 2020 n=94

Muirton

Both groups, ratepayers and non-ratepayers, have a more positive evaluation of the Council's progress in encouraging residents to become involved in its decision making relative to last year

Image and governance: Encouraging community involvement⁽¹⁾⁽²⁾⁽³⁾



31

1. Results within detailed bars may sum to +/- one point due to rounding
2. How would you rate your Council for...?
3. Sample: Total 2021 n=597. 2020 n=658. Ratepayers 2021 n=511. 2020 n=564. Non-ratepayers 2021 n=86. 2020 n=94

Significant increase 95% CI ↑
Significant decrease 95% CI ↓

Muirton

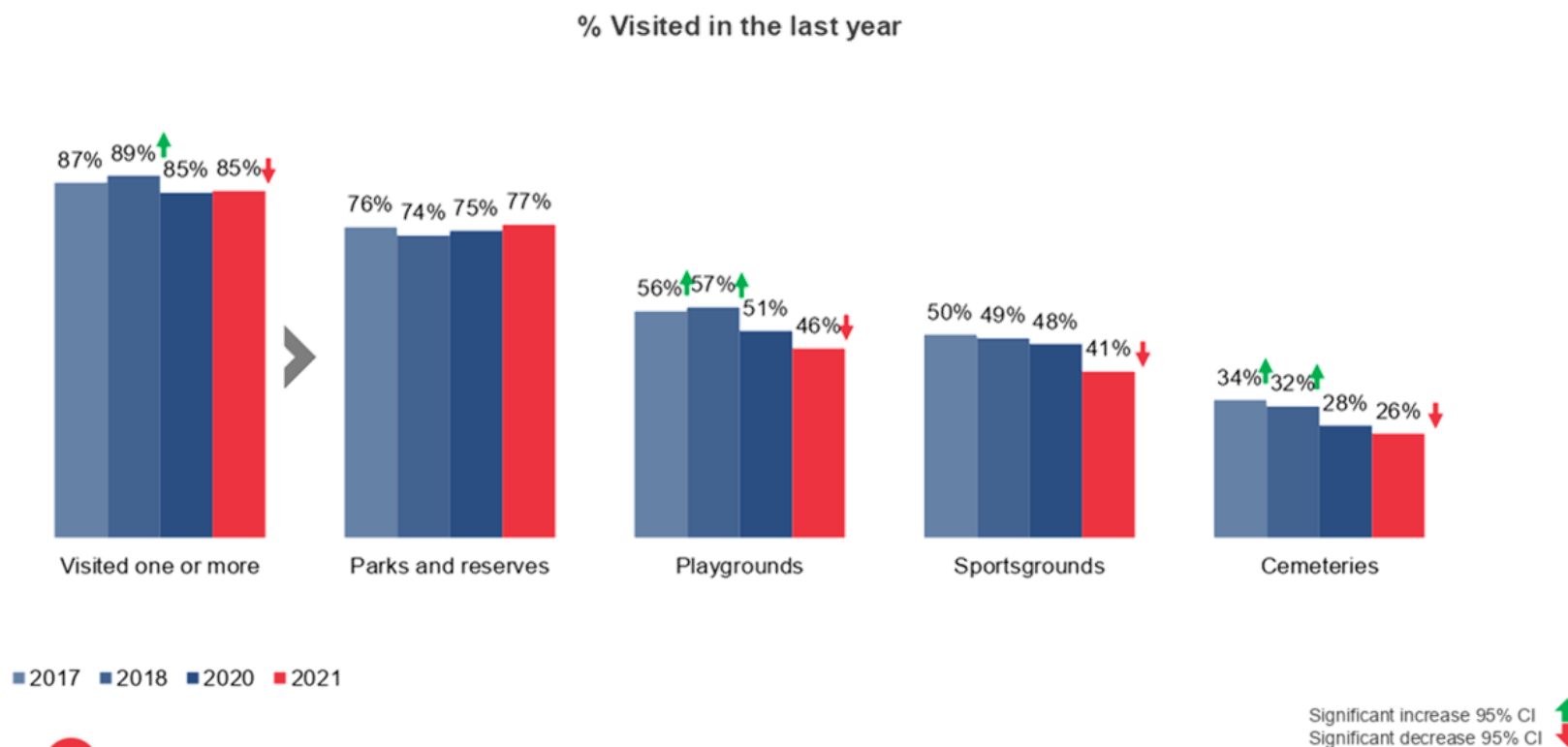


Section 7:
Public facilities

Muirton

Use of the district's outdoor facilities remains high (85%); however, there continues to be a declining trend, both in terms of overall use and for individual facilities, particularly playgrounds, sportsgrounds and cemeteries

Outdoor facilities: Visitation⁽¹⁾⁽²⁾



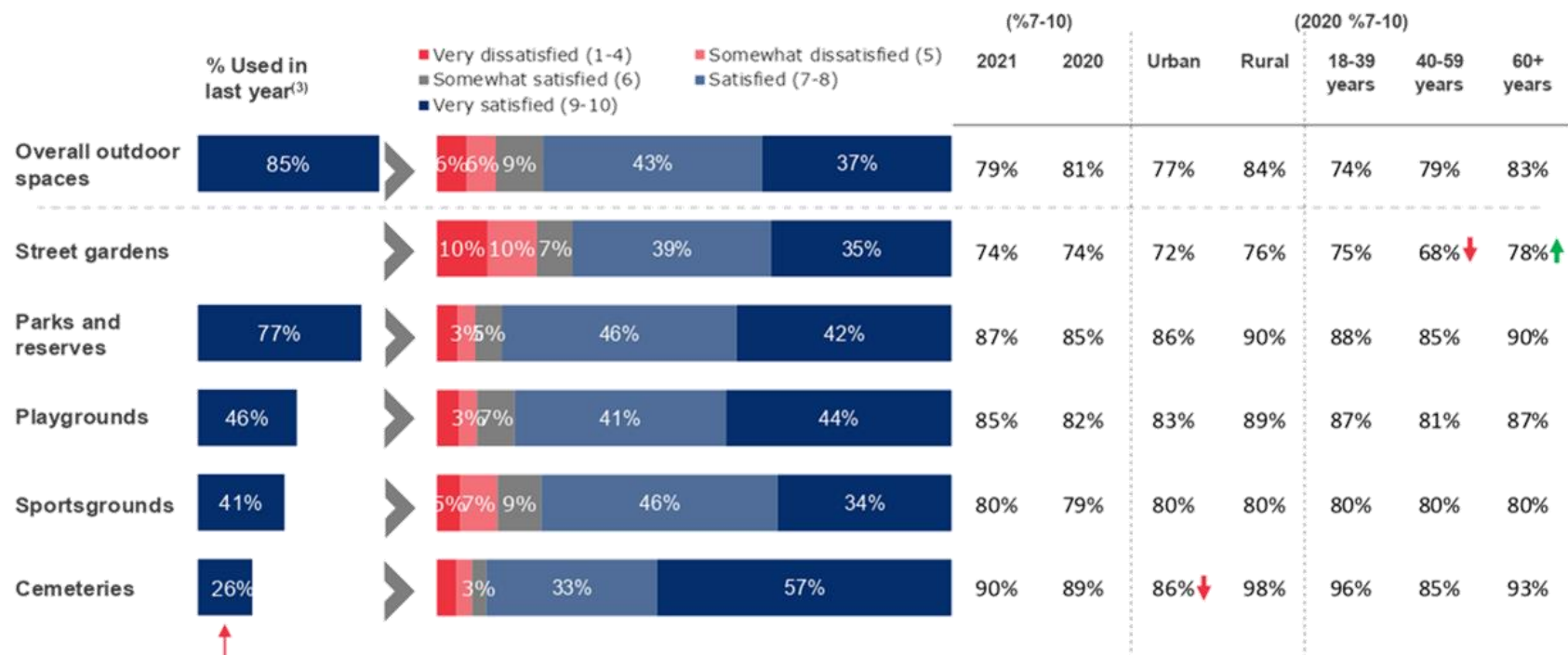
33

1. In the last year, which of the following have you visited?
2. Sample; Total 2021 n=971, 2020 n=658, 2018 n=885, 2017 n=1,061

Muirton

Satisfaction with outdoor spaces and facilities remains high and in line with results from the survey conducted in 2020

Outdoor facilities: Satisfaction among users⁽¹⁾⁽²⁾⁽⁴⁾



Results are for users of public outdoor spaces. The overall level results relate to users of one or more outdoor spaces.

Significant increase 95% CI ↑
Significant decrease 95% CI ↓

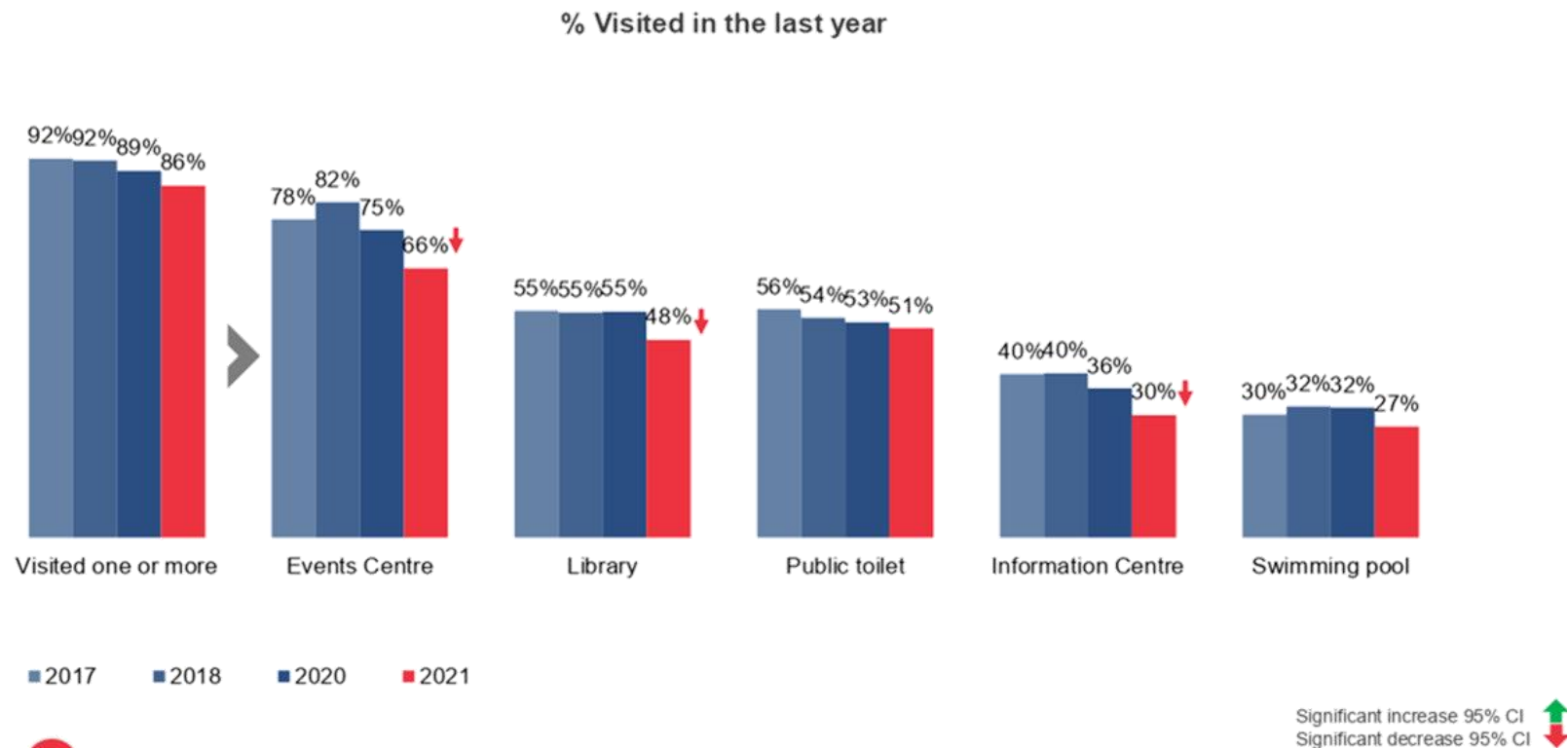
34

1. Results within detailed bars may sum to +/- one point due to rounding
2. In the last year, which of the following have you visited? How would you rate your satisfaction with...?
3. For specified facilities, satisfaction scores relate to those who have used the type of outdoor facility within the last year

Muirton

Public facilities continue to be well utilised as most (86%) residents have visited one or more of these in the last year; however, visitation continues to decline for the Events Centre, and there has been a decline in the use of both the Library and the Information Centre

Public facilities: Visitation⁽¹⁾⁽²⁾



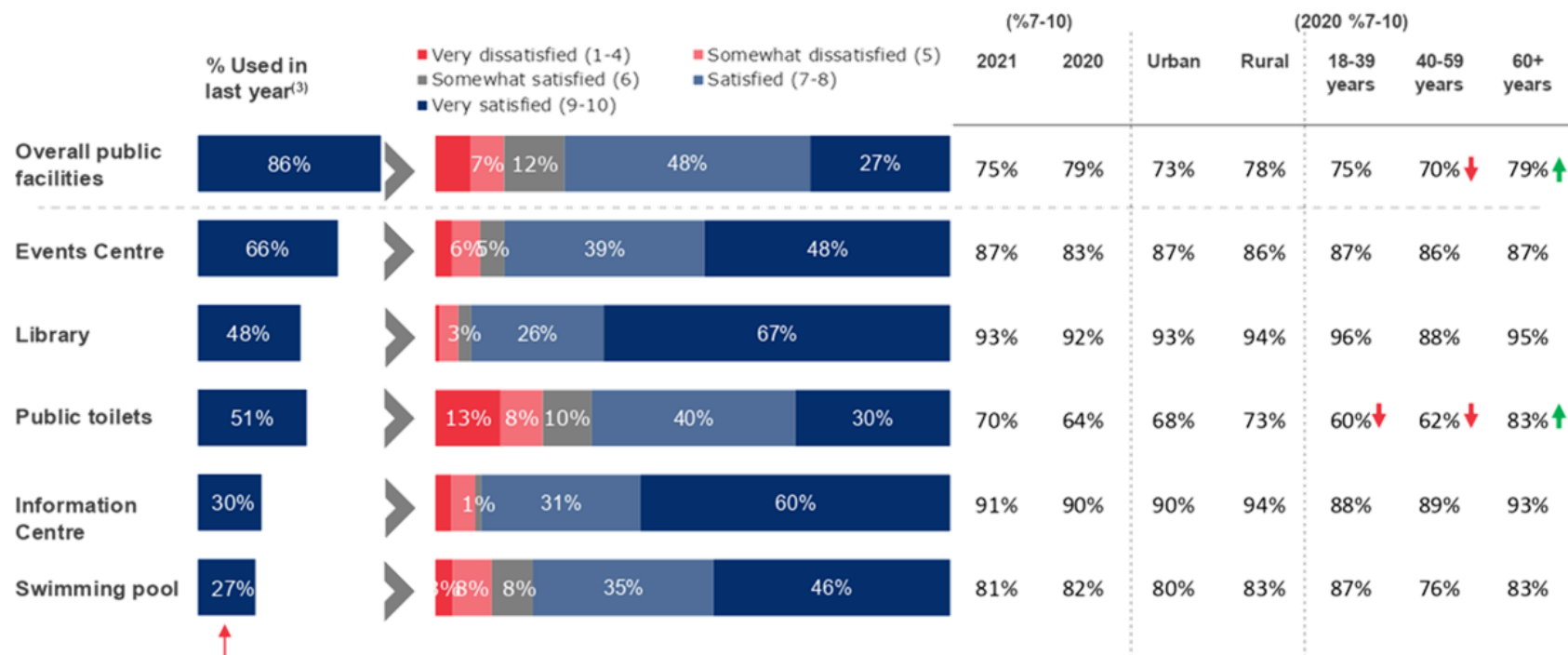
35

1. In the last year, which of the following have you visited?
2. Sample; Total 2021 n=597, 2020 n=658, 2018 n=885, 2017 n=1,061

Muirton

Satisfaction with public facilities remains high (74%), particularly among older residents, and across the various facilities, results are similar to the 2020 year

Public facilities: Satisfaction among users⁽¹⁾⁽²⁾⁽⁴⁾



Results are for users of public facilities. The overall level results relate to users of one or more public facilities.

Significant increase 95% CI ↑
Significant decrease 95% CI ↓

36

1. Results within detailed bars may sum to +/- one point due to rounding
2. In the last year, which of the following have you visited? How would you rate your satisfaction with...?
3. For specified facilities, satisfaction scores relate to those who have used specified facility within the last year

Muirton

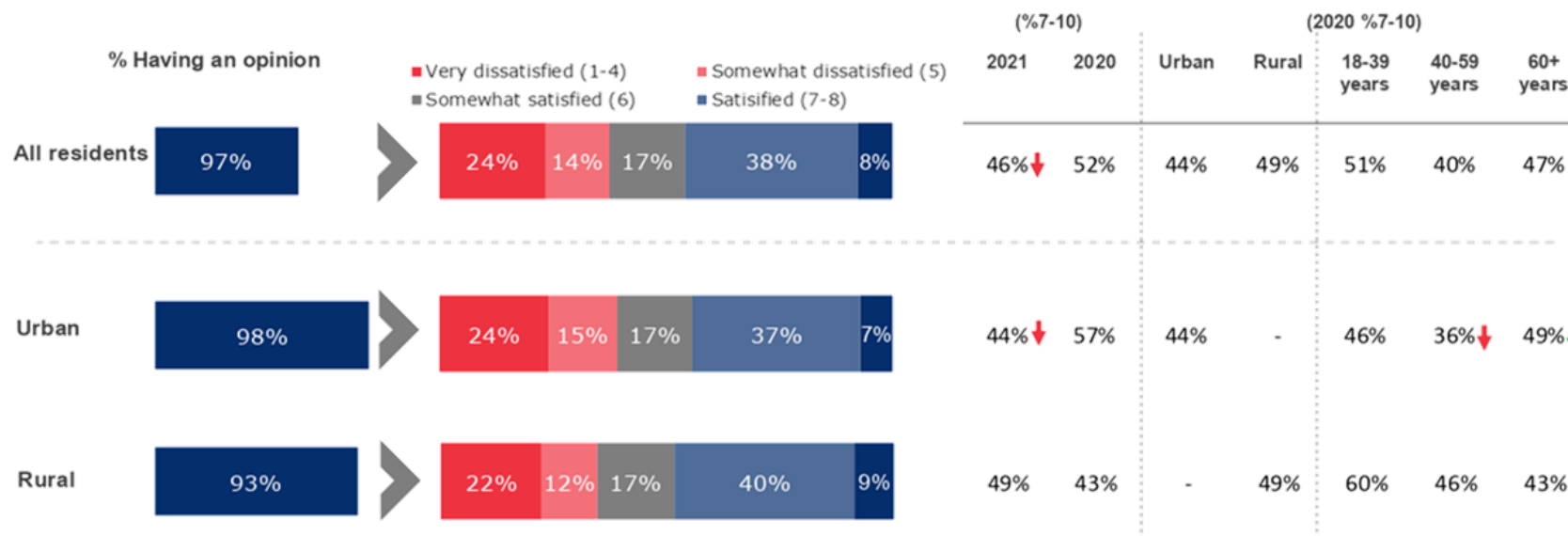


Section 8:
Infrastructure

Muirton

When asked to consider all the infrastructure provided within the district; i.e. that related to the three waters and roading, residents indicate that they are less satisfied than a year ago

Infrastructure: Overall satisfaction with infrastructure⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾



38

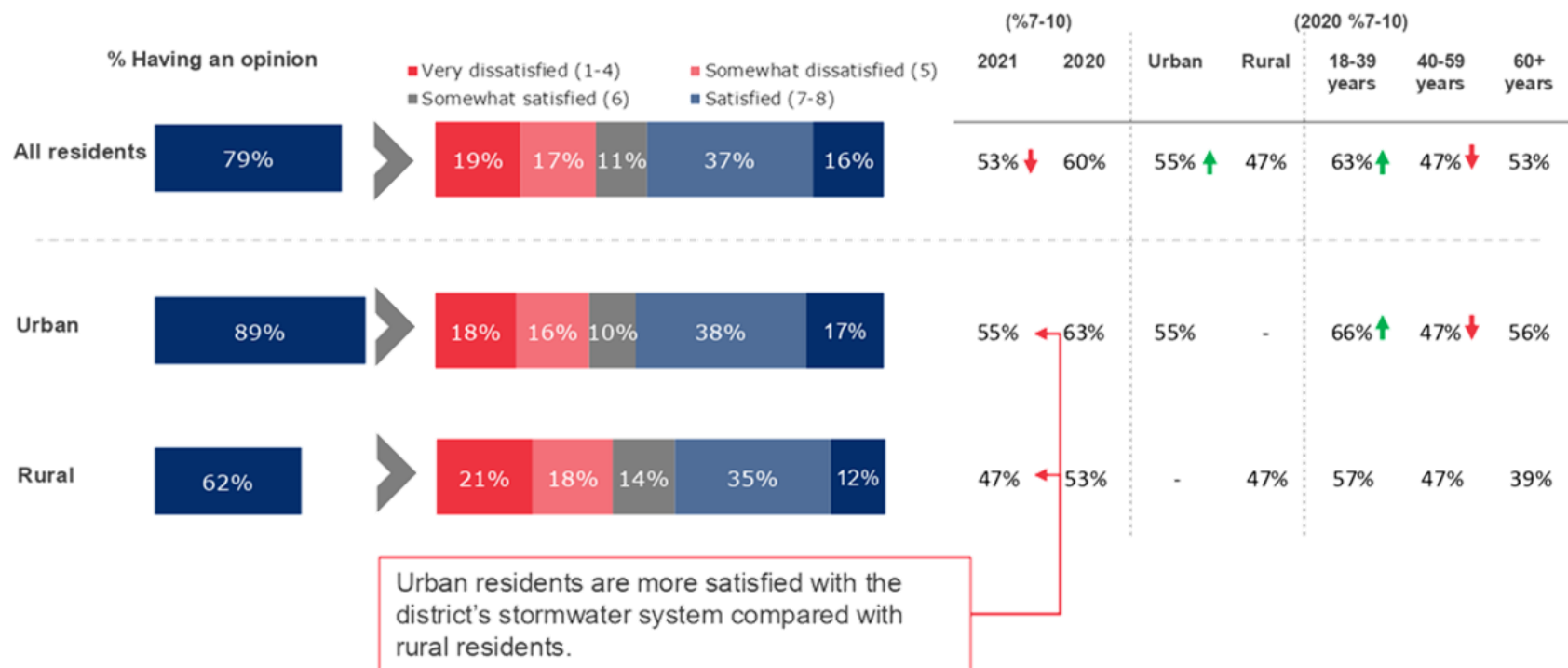
Significant increase 95% CI ↑
Significant decrease 95% CI ↓

1. Results within detailed bars may sum to +/- one point due to rounding
2. When you think of all the infrastructure that is provided, such as water, sewerage, stormwater, roading, walkways...how satisfied are you...?
3. The overall question about infrastructure was added to the survey in 2020

Muirton

There has been a decline in satisfaction with the district's stormwater system, and of note, rural residents remain less satisfied than those living in urban areas

Infrastructure: Stormwater – overall satisfaction with stormwater management⁽¹⁾⁽²⁾⁽³⁾



Significant increase 95% CI ↑
Significant decrease 95% CI ↓

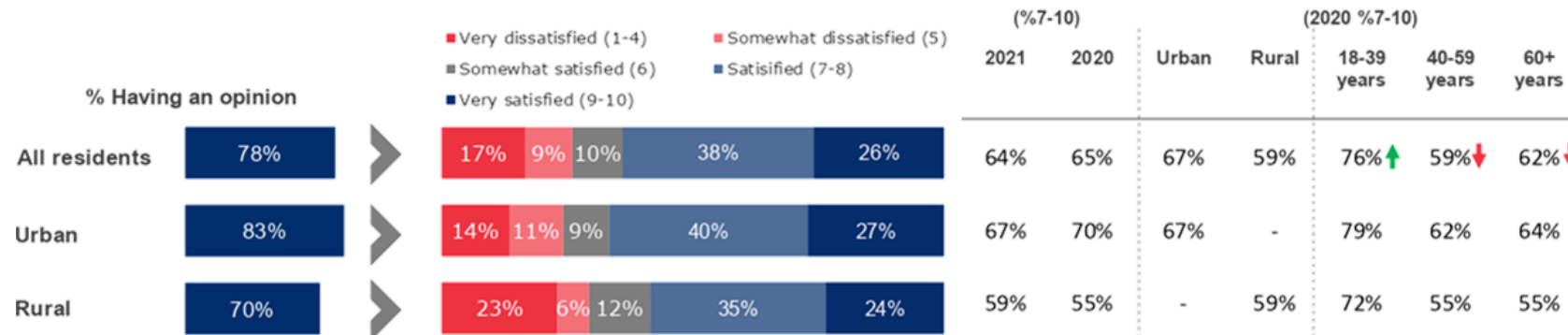
39

1. Results within detailed bars may sum to +/- one point due to rounding
2. How satisfied are you with...?
3. Sample: Total 2021 n=597. 2020 n=658: Urban 2021 n=377. 2020 n=416. Rural 2021 n=220. 2020 n=242

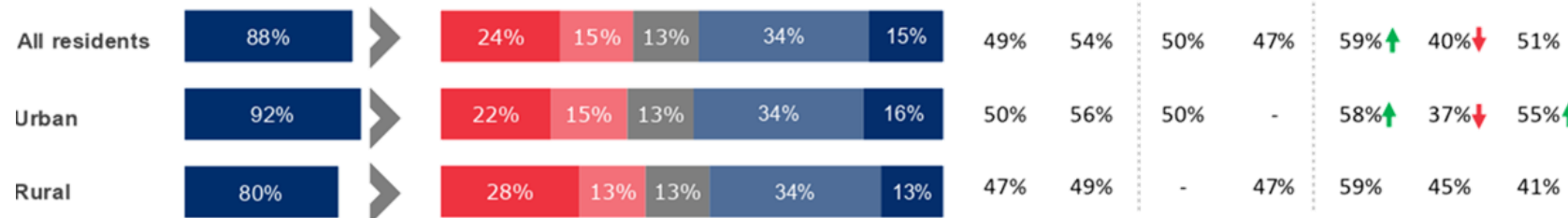
Muirton

Urban residents are somewhat more satisfied with the ability of the stormwater system to protect their property from flooding relative to their rural counterparts

Infrastructure: Stormwater – ability to protect property⁽¹⁾⁽²⁾⁽³⁾



Infrastructure: Stormwater – keeping roads and pavements free of flooding⁽¹⁾⁽²⁾⁽³⁾



40

1. Results within detailed bars may sum to +/- one point due to rounding

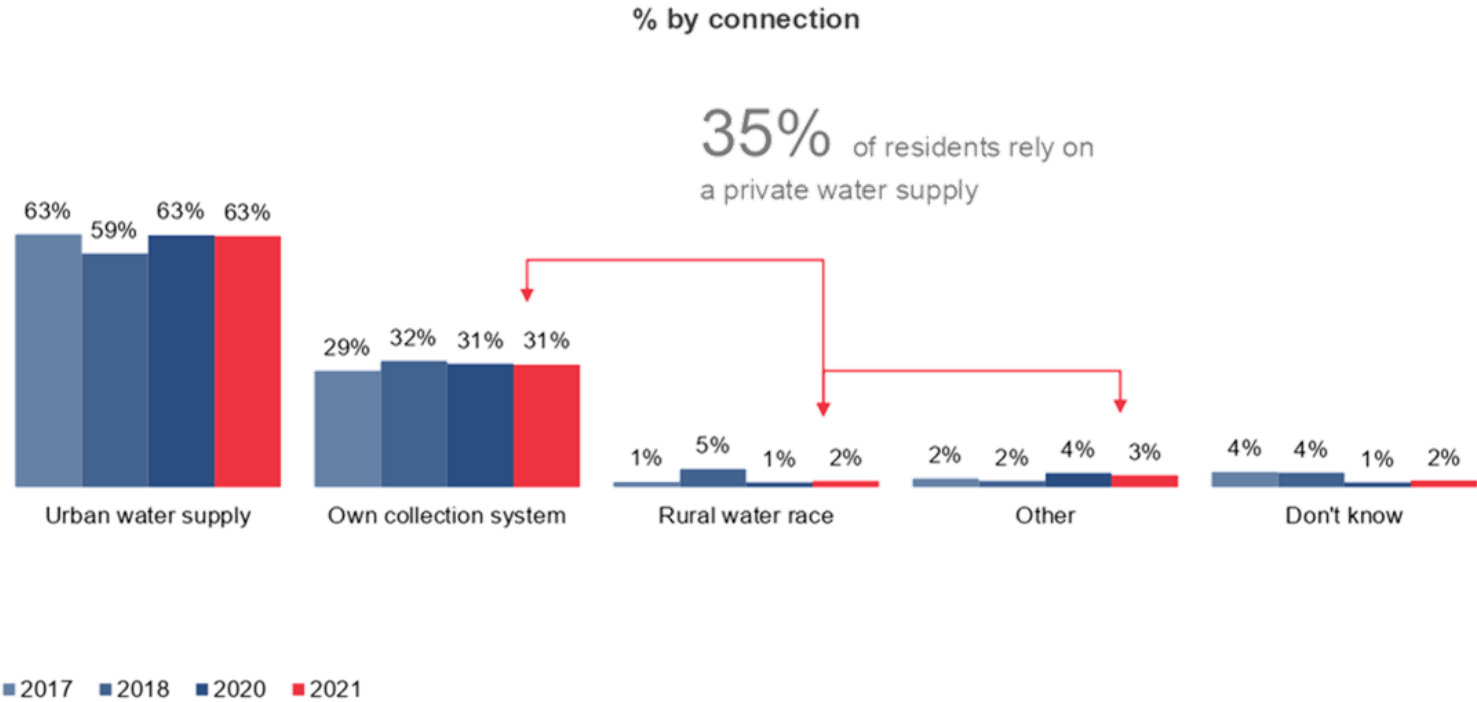
2. How satisfied are you with...?

3. Sample: Total 2021 n=597. 2020 n=658: Urban 2021 n=377. 2020 n=416. Rural 2021 n=220. 2020 n=242

Muirton

A little over a third of the district’s residents rely on a private water supply, a proportion that is in line with previous surveys

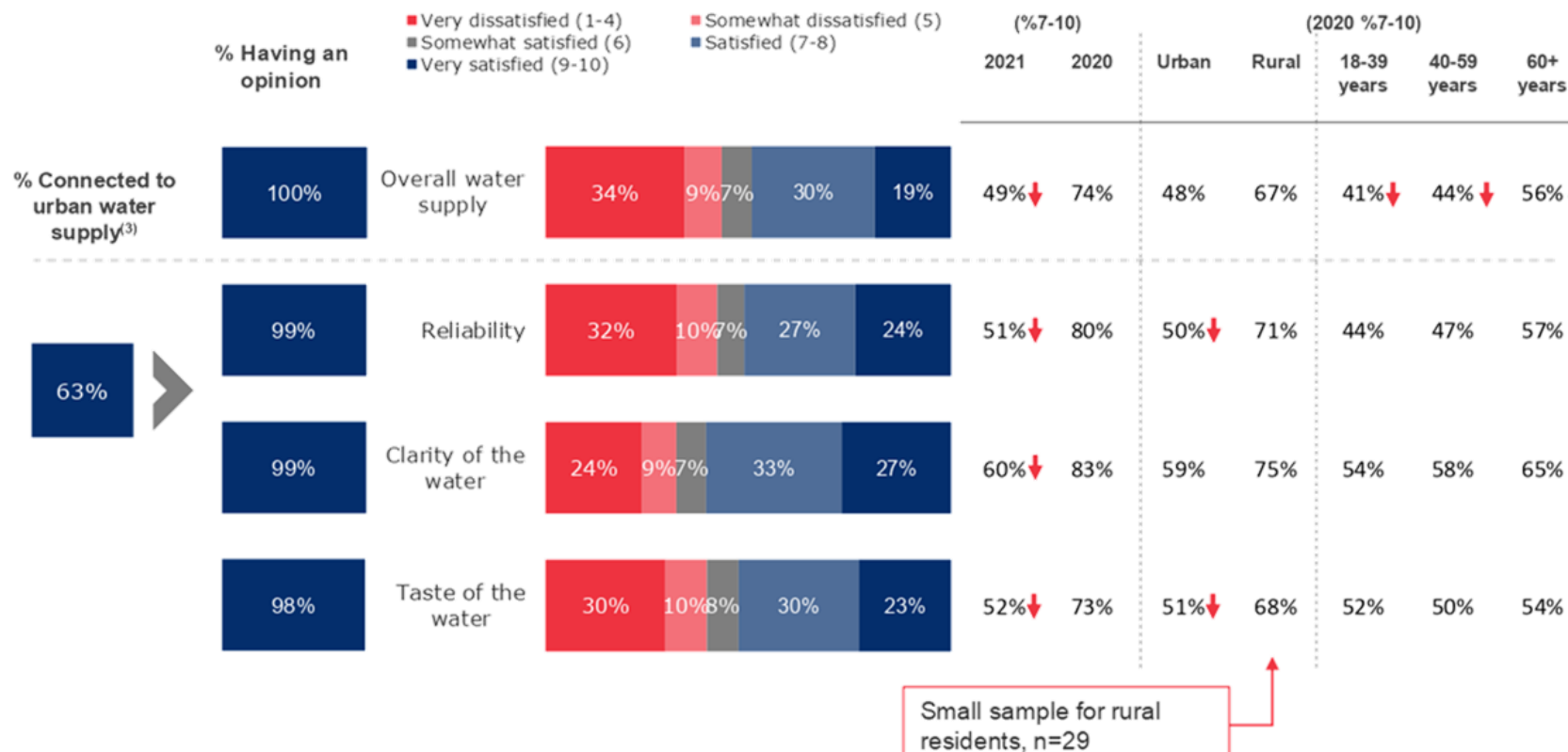
Infrastructure: Water supply⁽¹⁾⁽²⁾



1. Which of the following best describes your household’s water supply?
2. Sample; Total 2021 n=597, 2020 n=658, 2018 n=885, 2017 n= 1,061

There has been a decline in satisfaction with the town's water supply among those connected to the system, with results for all water-related attributes being lower relative to the 2020 survey

Infrastructure: Satisfaction with water supply (among those connected to urban supply)⁽¹⁾⁽²⁾⁽⁴⁾



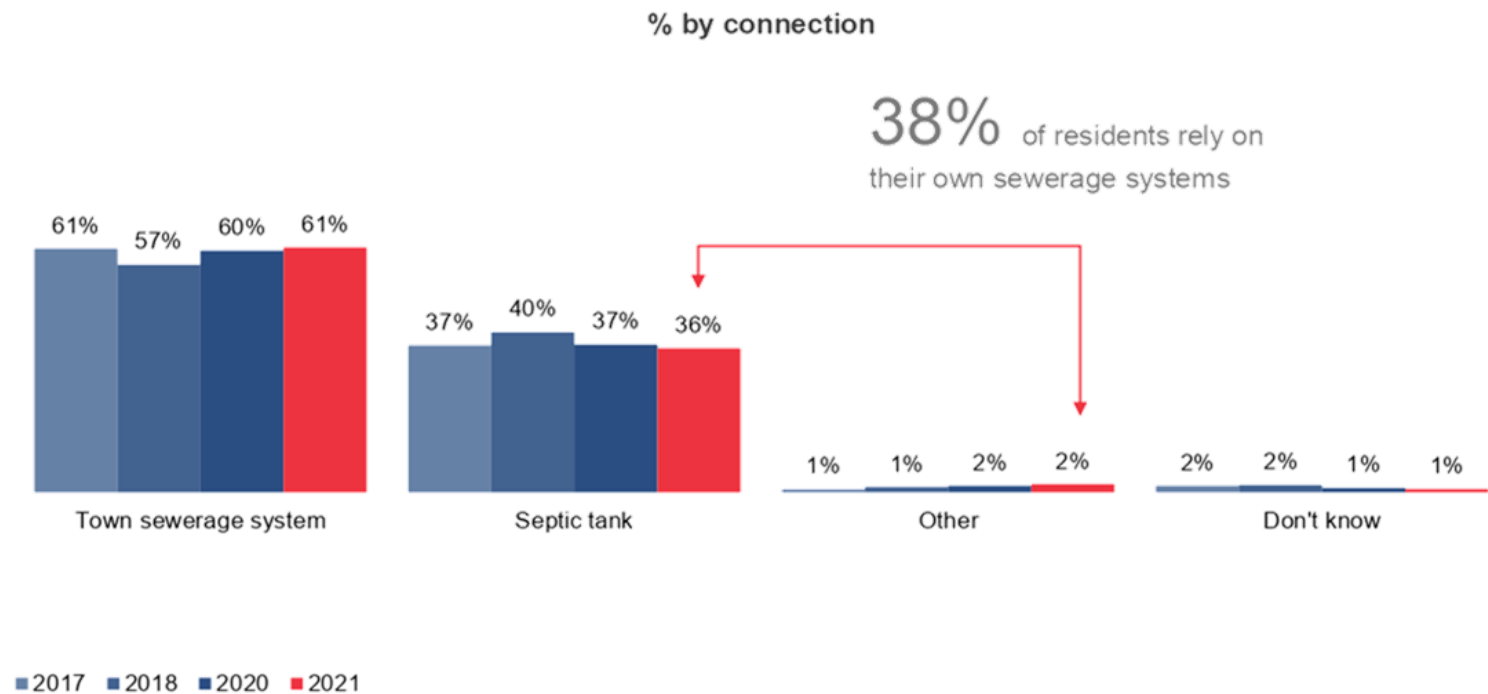
42

- Results within detailed bars may sum to +/- one point due to rounding
- How satisfied are you with each of the following...?
- Performance scores relate only to those who indicate that they have a connection to the urban water supply

Muirton

The town’s sewerage system is currently servicing about 60% of the district’s population, a figure that has remained static since the initial survey in late 2017

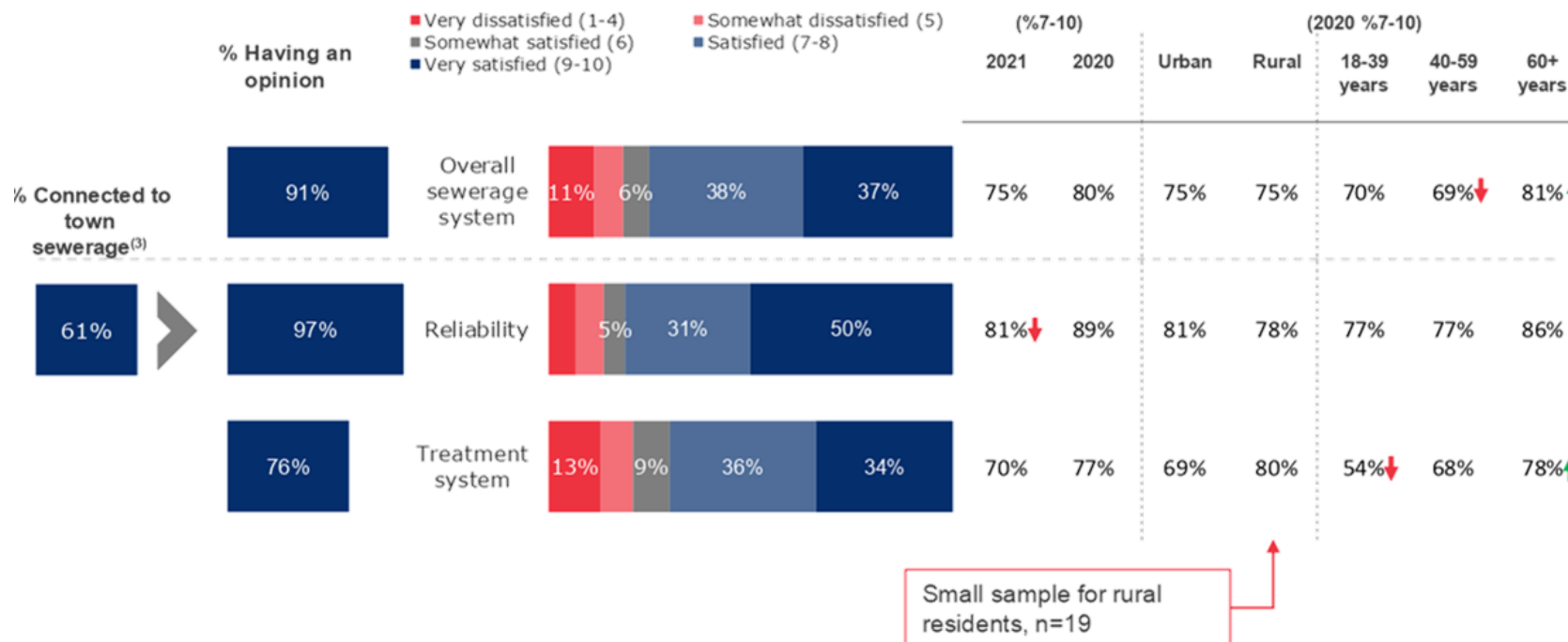
Infrastructure: Sewerage connection⁽¹⁾⁽²⁾



1. Which of the following best describes the sewerage system that your property is connected to?
2. Sample; Total 2021 n=597, 2020 n=658, 2018 n=885, 2017 n= 1,061

Residents residing in properties connected to the town's sewerage system remain highly satisfied, although perceptions of the reliability of the system have declined relative to the prior survey

Infrastructure: Satisfaction with sewerage system (among those connected to town system)⁽¹⁾⁽²⁾⁽⁴⁾



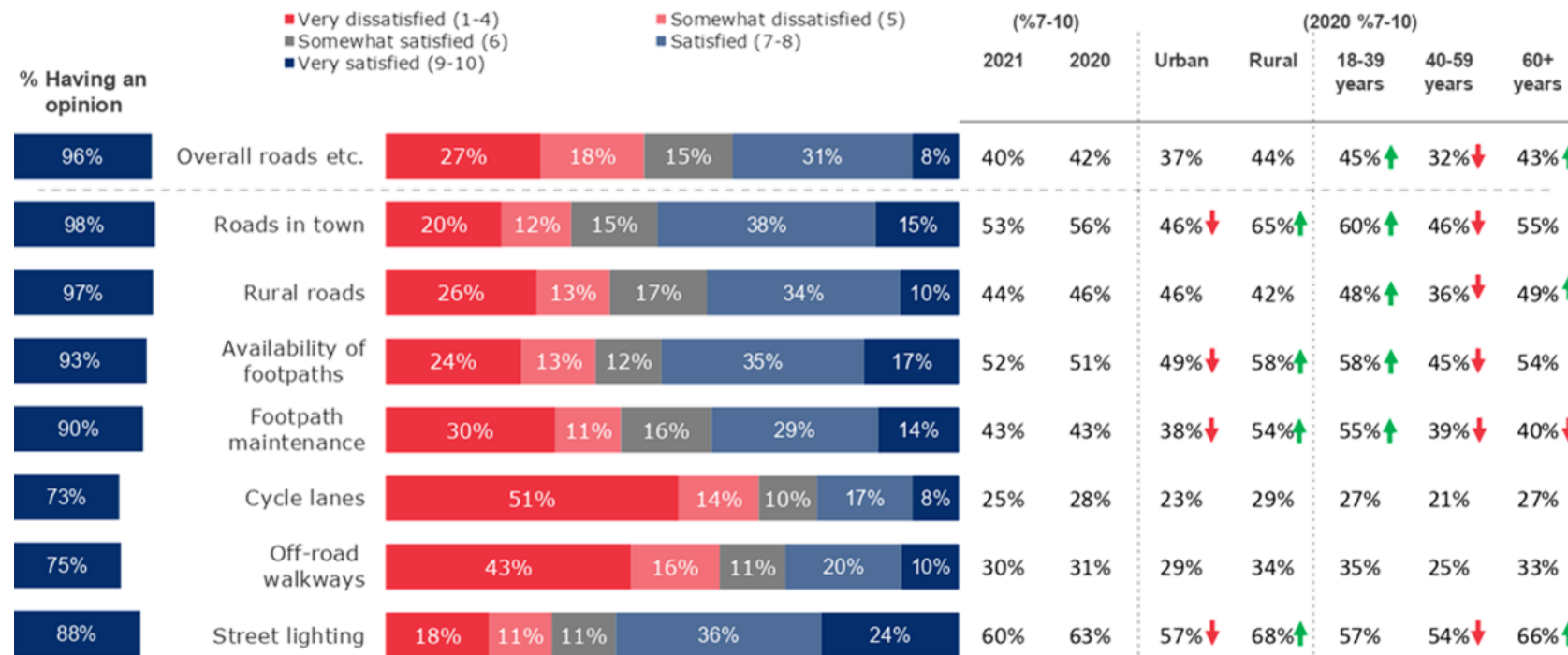
44

1. Results within detailed bars may sum to +/- one point due to rounding
2. How satisfied are you with each of the following...?
3. Performance scores relate only to those who indicate that they have a connection to the town sewerage system supply

Muirton

Satisfaction with the district's roading network is on par with the previous survey

Infrastructure: Roads⁽¹⁾⁽²⁾⁽³⁾



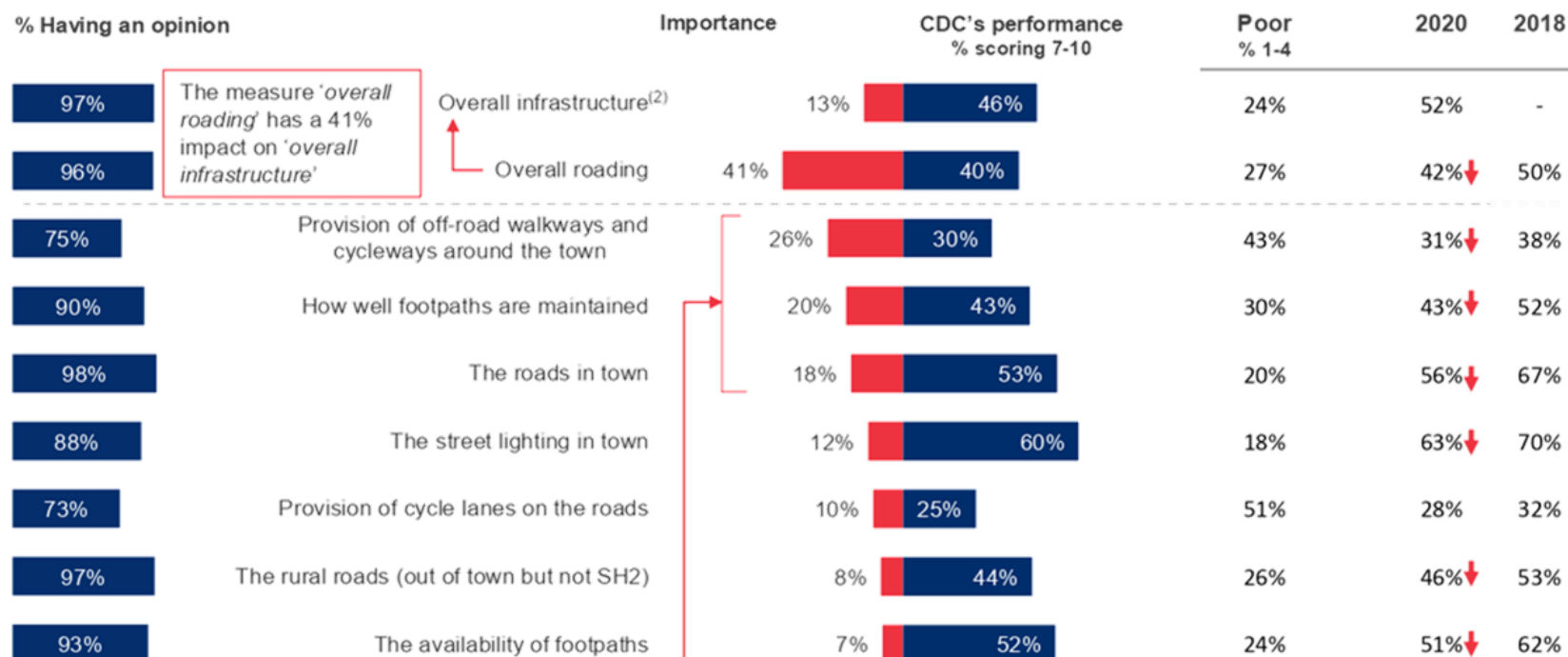
45

1. Results within detailed bars may sum to +/- one point due to rounding
 2. How would you rate your satisfaction with each of the following...?
 3. Sample: Total 2021 n=597. 2020 n=658

Muirton

Roading has a significant influence on the 'overall infrastructure' measure (41% impact), and with 'walkways and cycleways', 'footpaths' and 'urban roads' all being low performing key drivers, these represent the best opportunities to add value

Infrastructure: Understanding satisfaction with roading⁽¹⁾⁽³⁾



Provision of off-road walkways and cycleways, the roads in town and maintenance of footpaths have the most influence on overall roading, and as scores on these measures are low, these represent a priority.

46

1. How would you rate your satisfaction with each of the following...?
2. The overall question about infrastructure was added to the survey in 2020
3. Sample: Total 2021. n=597. 2020 n=658. 2018 n=885

Muirton

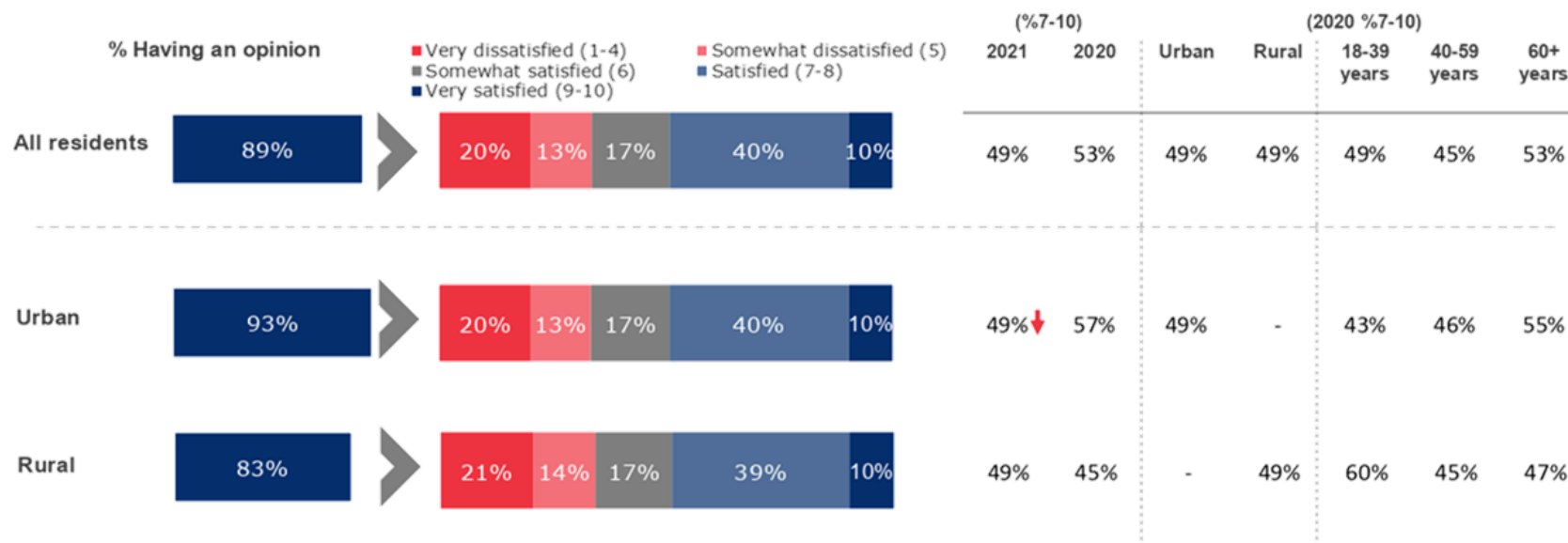


Section 9:
Services

Muirton

At an aggregate level, overall satisfaction with the Council's core services is on par with the previous survey; however, urban residents are now less satisfied

Services: Overall satisfaction with the Council's core services⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾



48

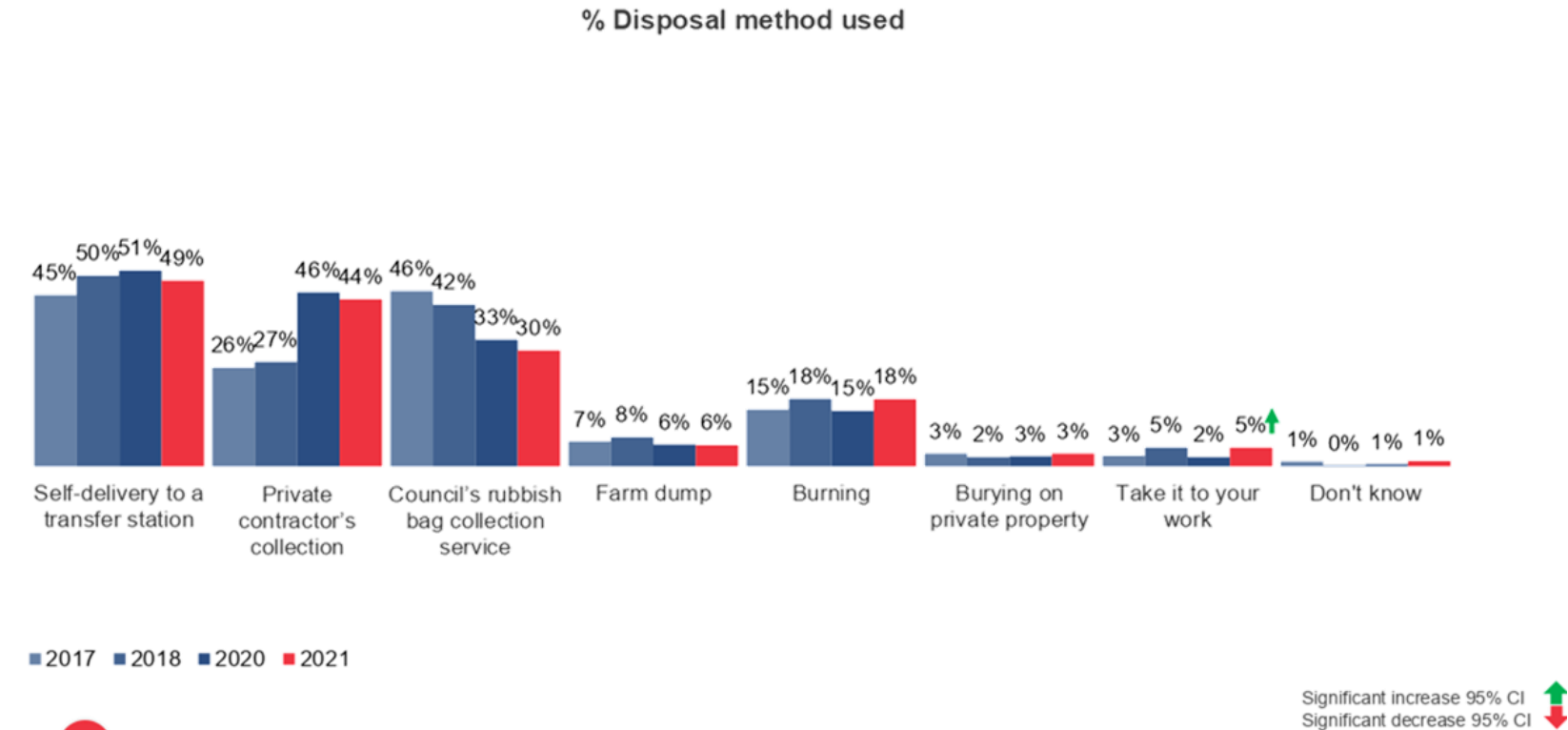
1. Results within detailed bars may sum to +/- one point due to rounding
2. How would you rate the Council for how well it provides these types of services; waste, regulatory and planning?
3. The question for overall core services was added in 2020

Significant increase 95% CI ↑
Significant decrease 95% CI ↓

Muirton

Residents primarily dispose of non-recyclable waste by self-delivery to a transfer station and using private collection services, the latter being favoured over the Council’s collection service

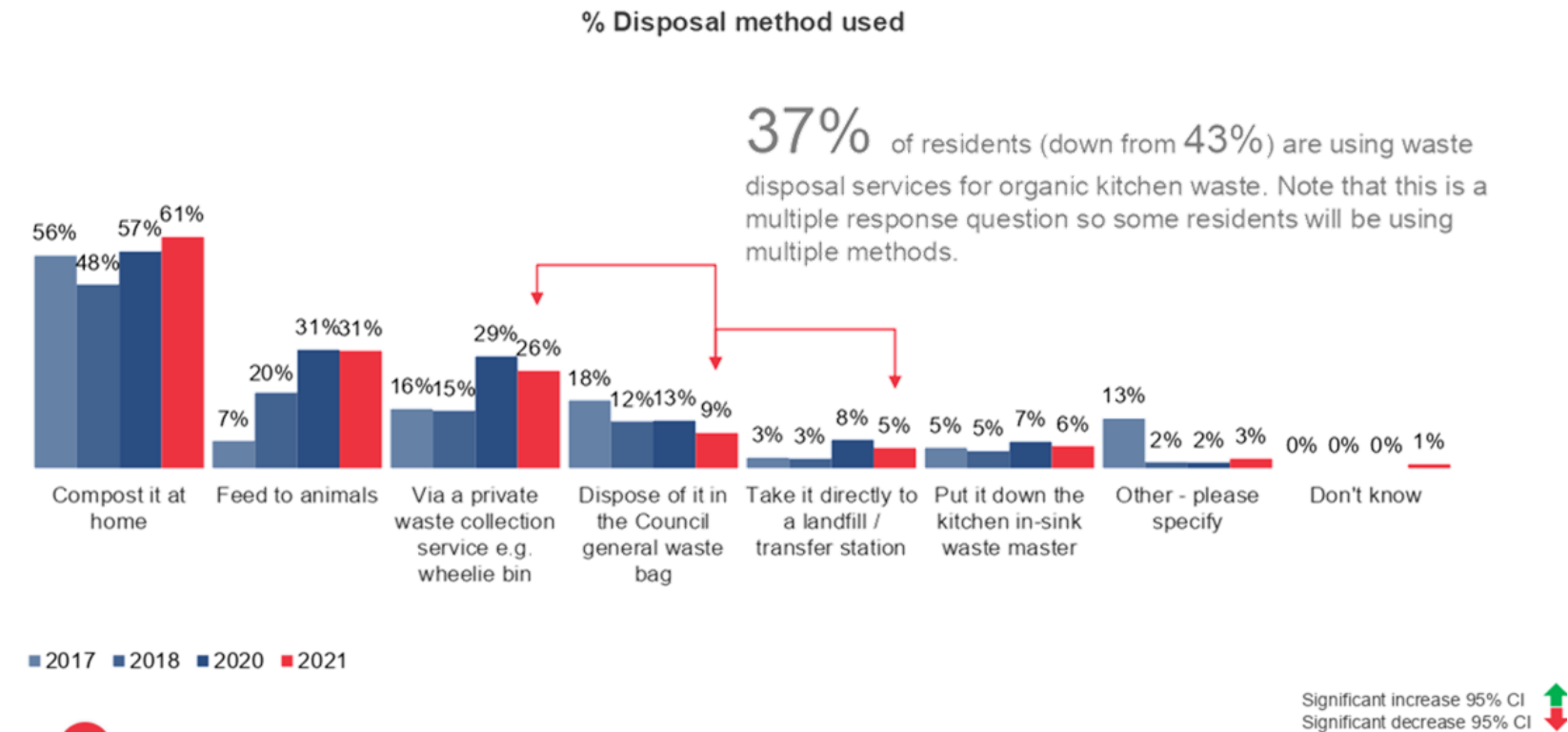
Services: Methods of disposal for non-recyclable waste⁽¹⁾⁽²⁾



1. Which of the following methods does your household use for disposal of non-recyclable waste? Multiple response
2. Sample: Total 2021 n=597, 2020 n=658, 2018 n=885, 2017 n=1,061

There appears to be a growing trend to compost organic kitchen waste at home rather than dispose of it via waste collection systems

Services: Methods of disposal for organic kitchen waste⁽¹⁾⁽²⁾

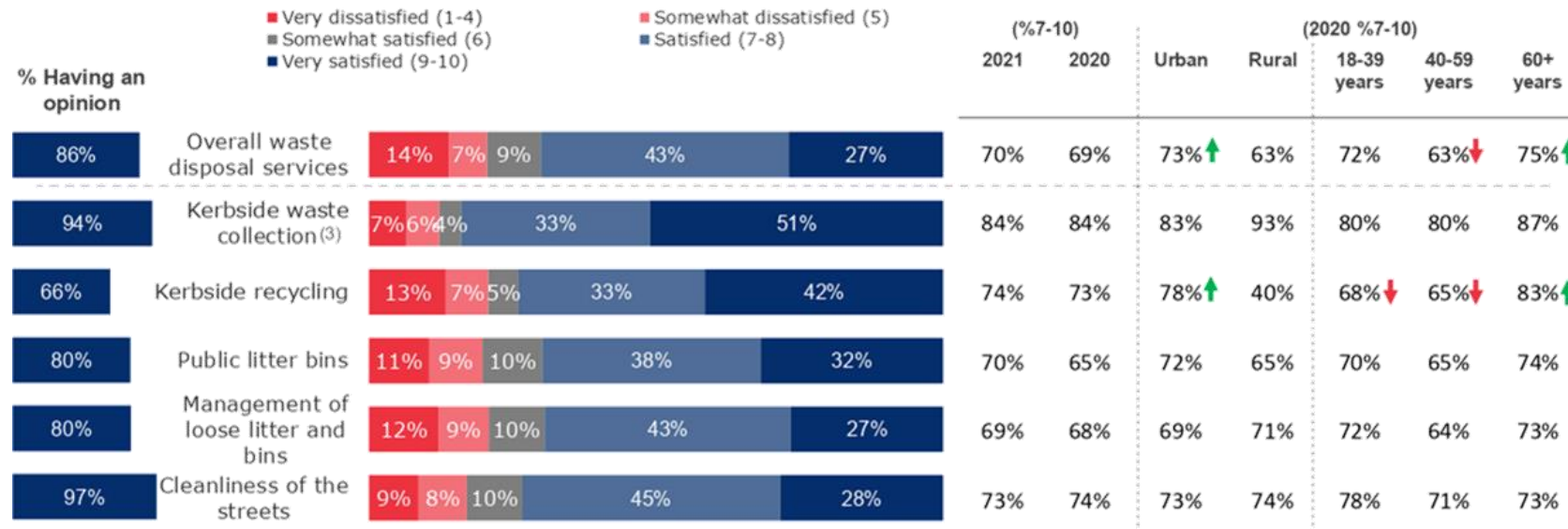


50

1. Which of the following methods does your household use for disposal of your organic kitchen waste? Multiple response
2. Sample: Total 2021 n=597, 2020 n=658, 2018 n=885, 2017 n=1,061

Residents are generally satisfied with waste related services, particularly those in older age groups, and of note, results across the various services are on par with those measured last year

Services: Satisfaction with waste disposal⁽¹⁾⁽²⁾⁽⁴⁾



51

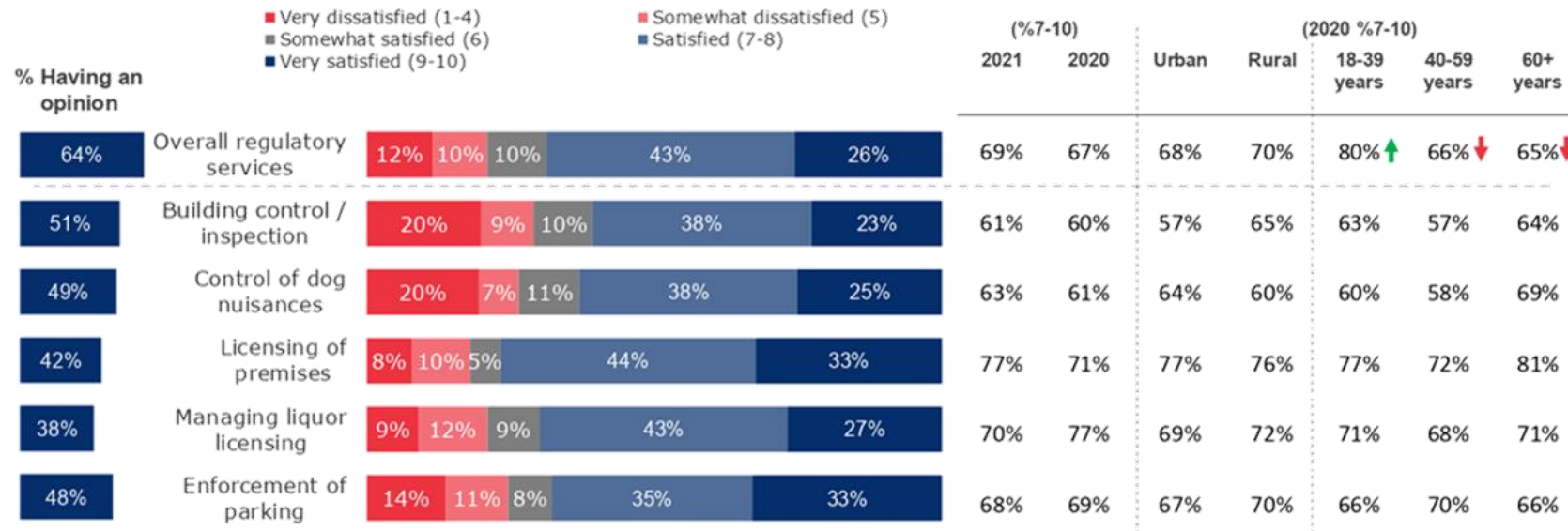
1. Results within detailed bars may sum to +/- one point due to rounding
2. How satisfied are you with each of the following?
3. Performance scores for the kerbside waste collection relate only to those who are users of the service

Significant increase 95% CI ↑
Significant decrease 95% CI ↓

Muirton

While residents are quite satisfied with how the Council performs its regulatory services, it is a potential concern that many people have insufficient knowledge to formulate an opinion

Services: Satisfaction with regulatory services⁽¹⁾⁽²⁾⁽³⁾



The Council may benefit from providing residents with more information about its regulatory activities so they are more informed and able to make judgements.

Significant increase 95% CI ↑
Significant decrease 95% CI ↓

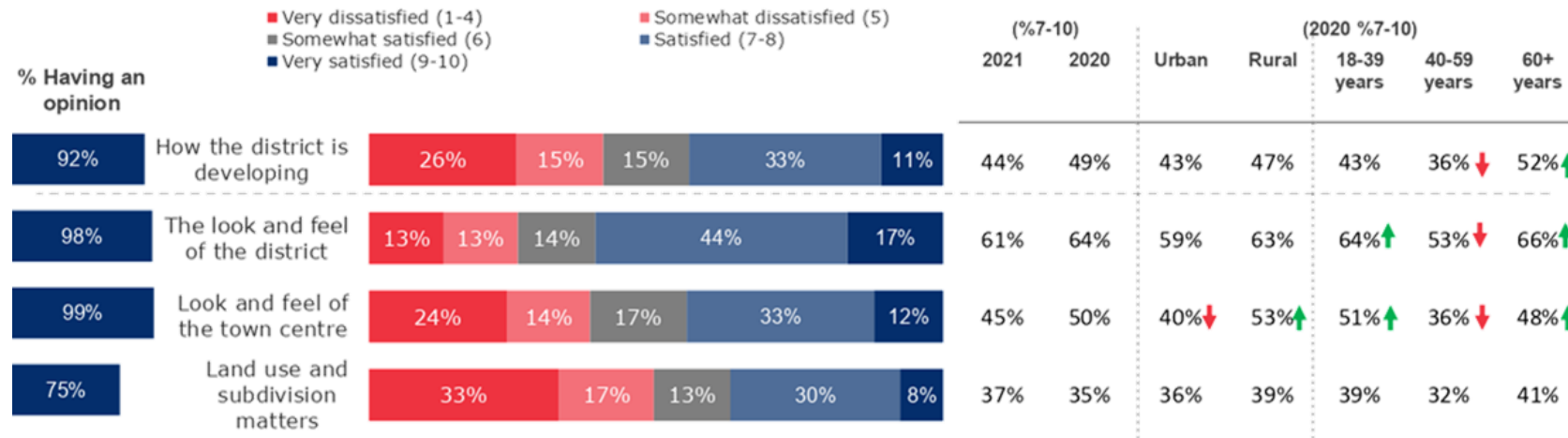
52

1. Results within detailed bars may sum to +/- one point due to rounding
2. Based on your experience of impressions, how would you rate the Council's performance in providing each of the following?
3. Sample: Total 2021 n=597 2020 n=658

Muirton

While residents are mostly happy with the 'look and feel' of the district there are concerns about the town centre, town planning and how the district is developing

Services: Satisfaction with urban planning⁽¹⁾⁽²⁾⁽³⁾



53

1. Results within detailed bars may sum to +/- one point due to rounding
 2. How satisfied are you with the following planning services?
 3. Sample: Total 2021 n=597 2020 n=658

Significant increase 95% CI ↑
 Significant decrease 95% CI ↓

Muirton

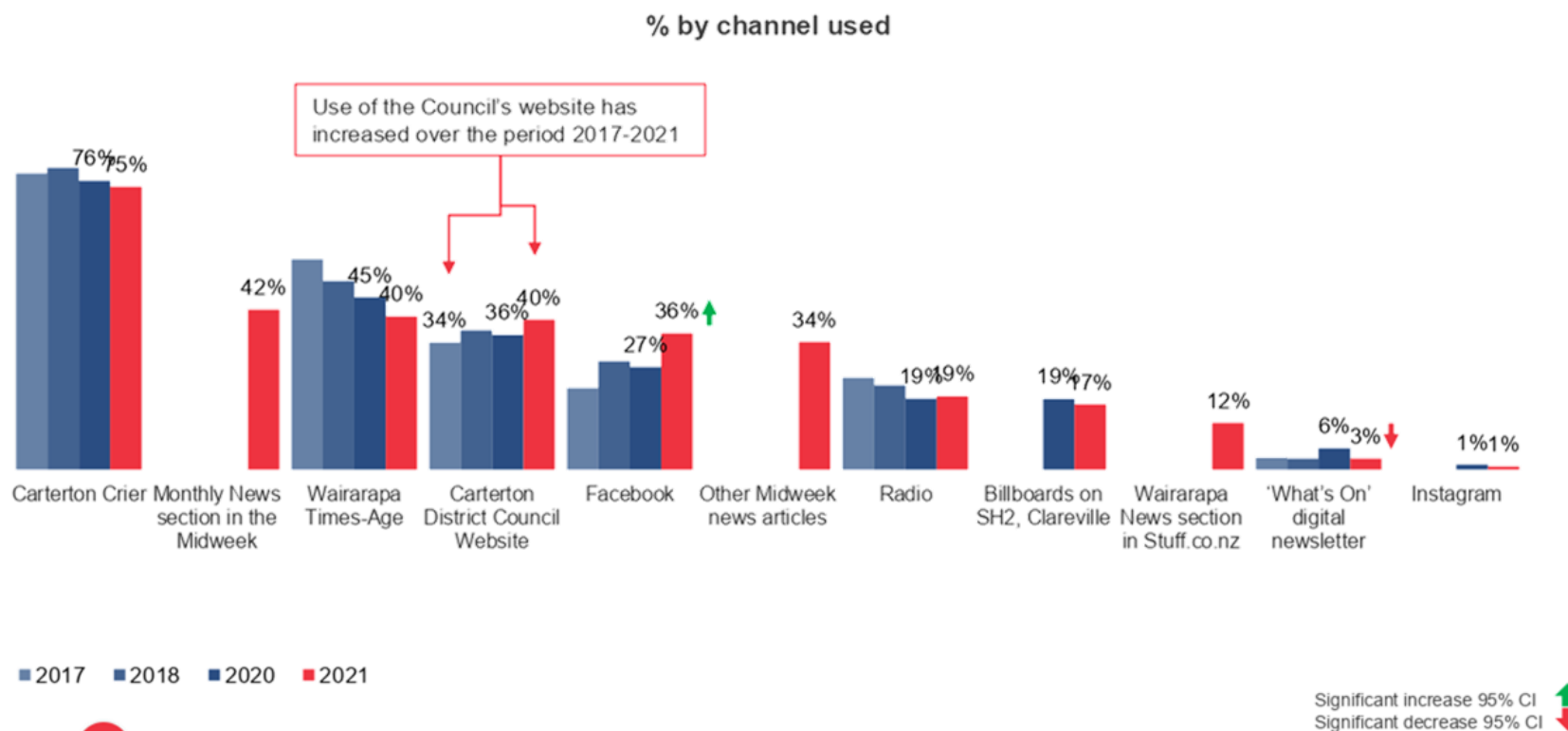


Section 10:
Communications

Muirton

The *Carterton Crier* remains the most frequently cited source that residents rely on to get information about the Council's activities; however, the use of Facebook and the Council's website have both increased

Services: Channels used for keeping informed about the Council's activities⁽¹⁾⁽²⁾



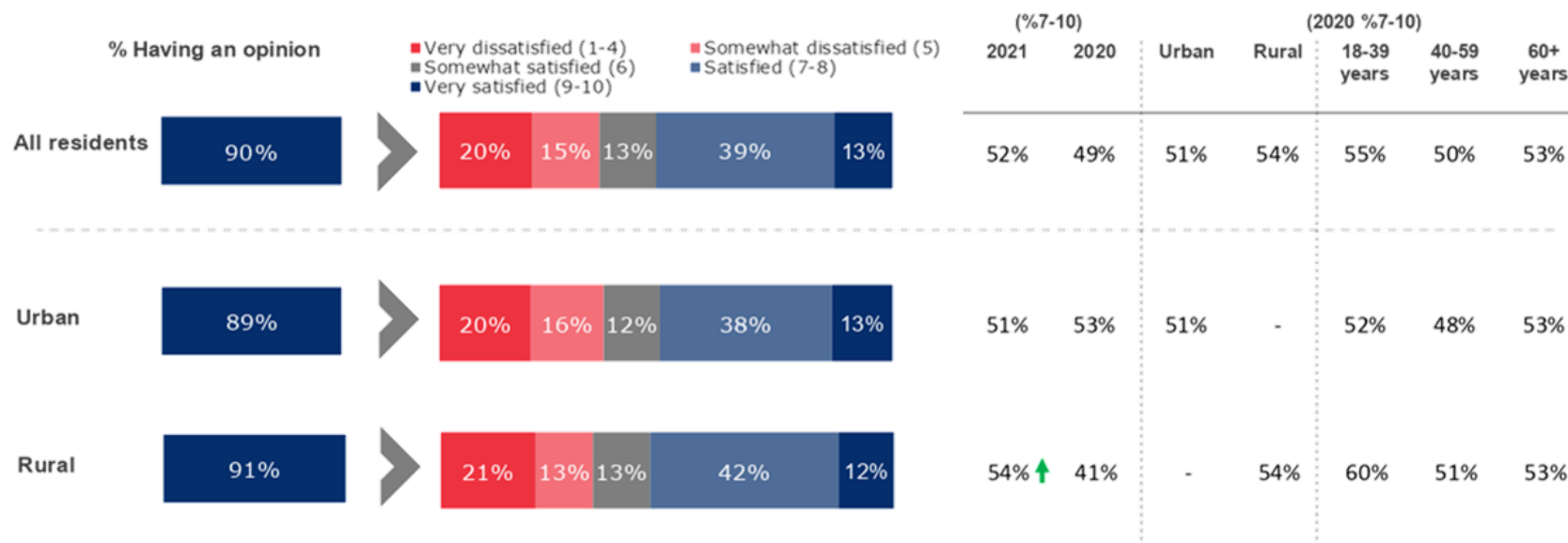
55

1. How do you keep informed about the Council's news and activities? Multiple response
2. Sample: Total 2021 n=597, 2020 n=658, 2018 n=885, 2017 n=1,061

Muirton

Rural residents are more satisfied with the Council's communications and interactions relative to last year, and overall, about half of residents are satisfied

Communications: Overall satisfaction with communications and interactions⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾



56

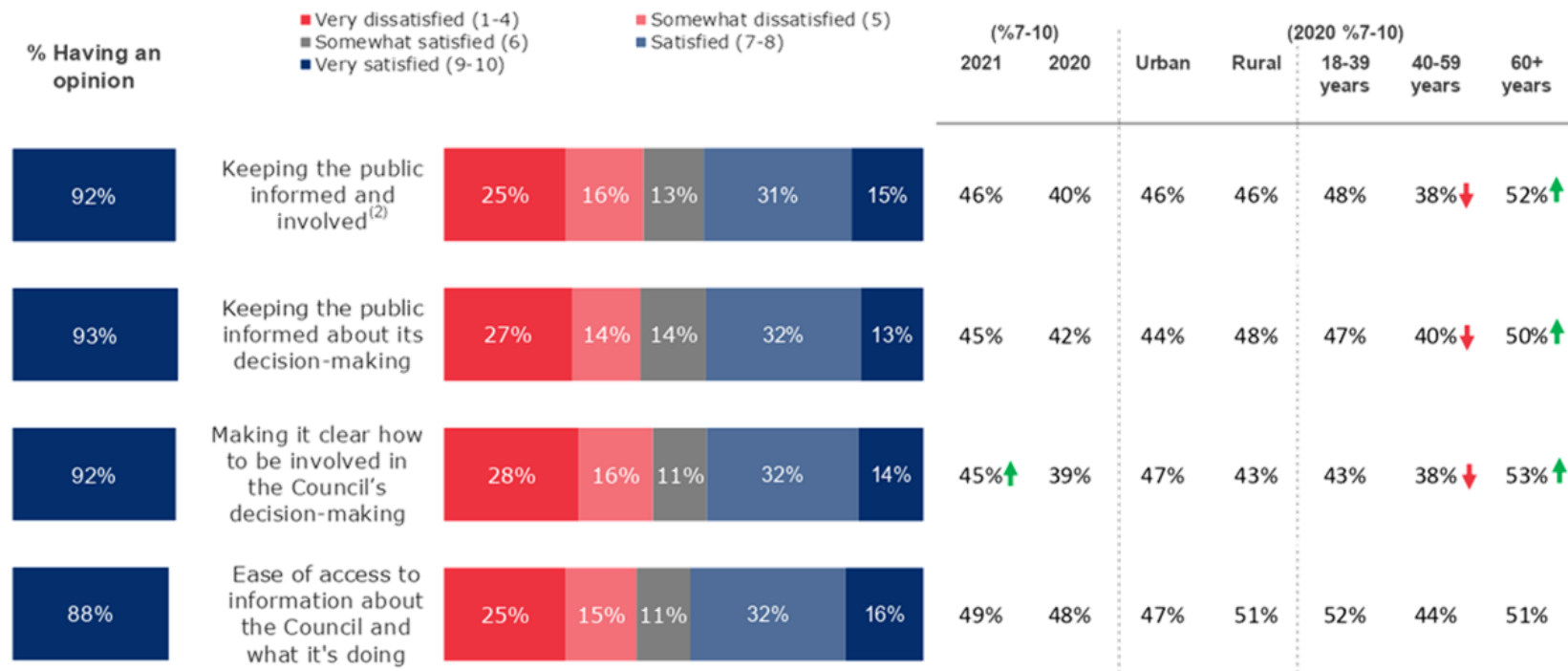
1. Results within detailed bars may sum to +/- one point due to rounding
2. Overall, how satisfied are you with how the Council communicates and interacts with the community?
3. The overall communication question was new to the 2020 survey

Significant increase 95% CI ↑
Significant decrease 95% CI ↓

Muirton

Satisfaction with how well the Council is keeping residents informed about its activities and decision-making shows some improvement, and in particular, residents recognise that the Council is doing a better job of communicating how they can be involved in its decision making

Communications: Satisfaction with being kept informed and involved⁽¹⁾⁽²⁾⁽⁴⁾



Significant increase 95% CI ↑
 Significant decrease 95% CI ↓

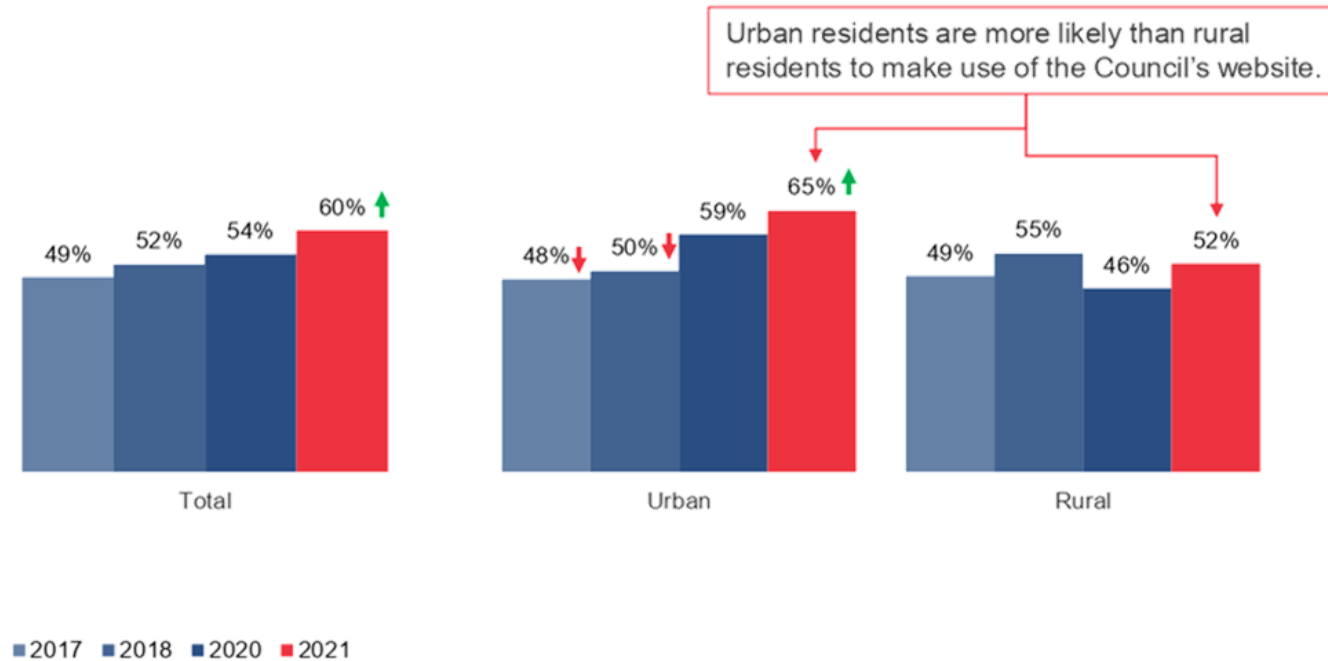
57

1. Results within detailed bars may sum to +/- one point due to rounding
2. How satisfied are you with each of the following?
3. New question added for the 2020 survey

Muirton

Use of the Council's website continues to increase strongly, this being driven by residents in urban areas, with this group much more likely to use the website relative to their rural counterparts

Communications: Used the Council's website in last 12 months⁽¹⁾⁽²⁾



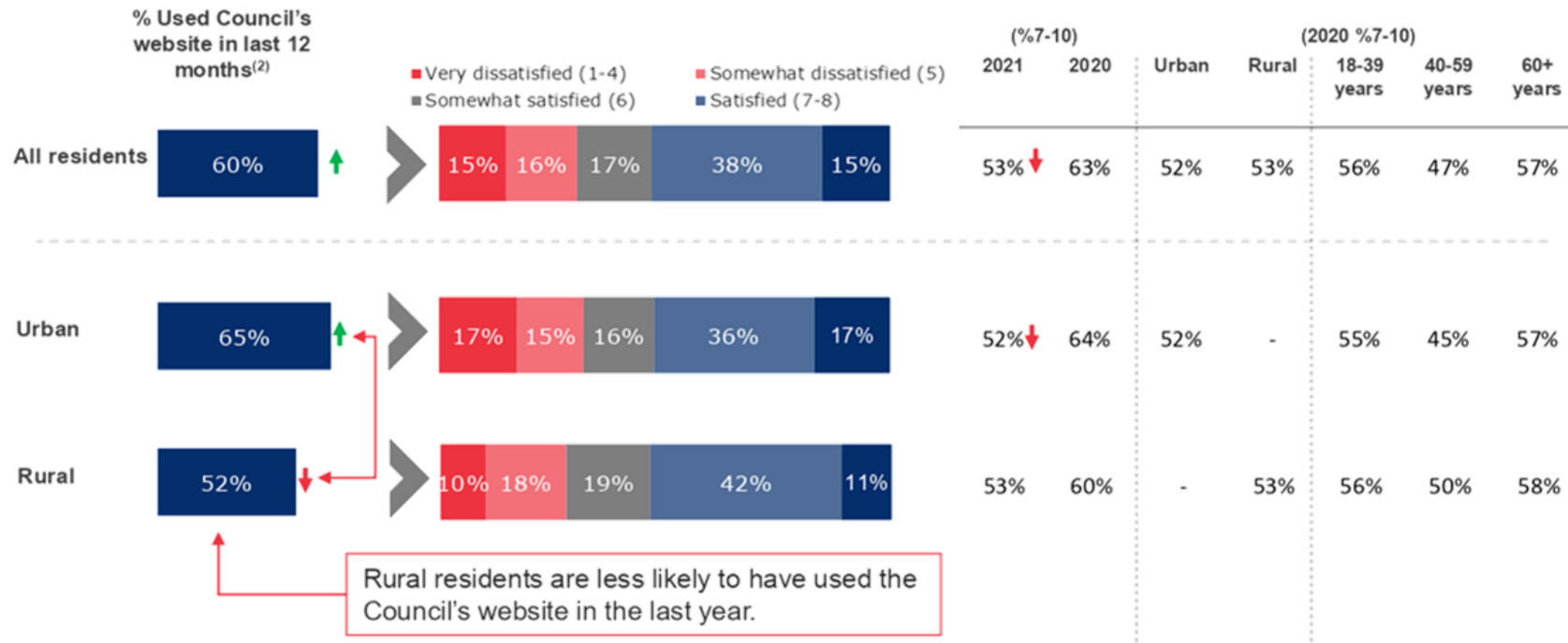
58

1. Have you used the Council's website in the last year?
 2. Sample: Total 2021 n=597, 2020 n=658, 2018 n=885, 2017 n= 1,061

Muirton

While use of the website has increased, residents are less satisfied with the ease of navigating and using the website, suggesting that as use is increasing, residents are simultaneously becoming more discerning

Communication: Use and satisfaction with the Council's website⁽¹⁾⁽³⁾⁽⁴⁾



Significant increase 95% CI ↑
Significant decrease 95% CI ↓

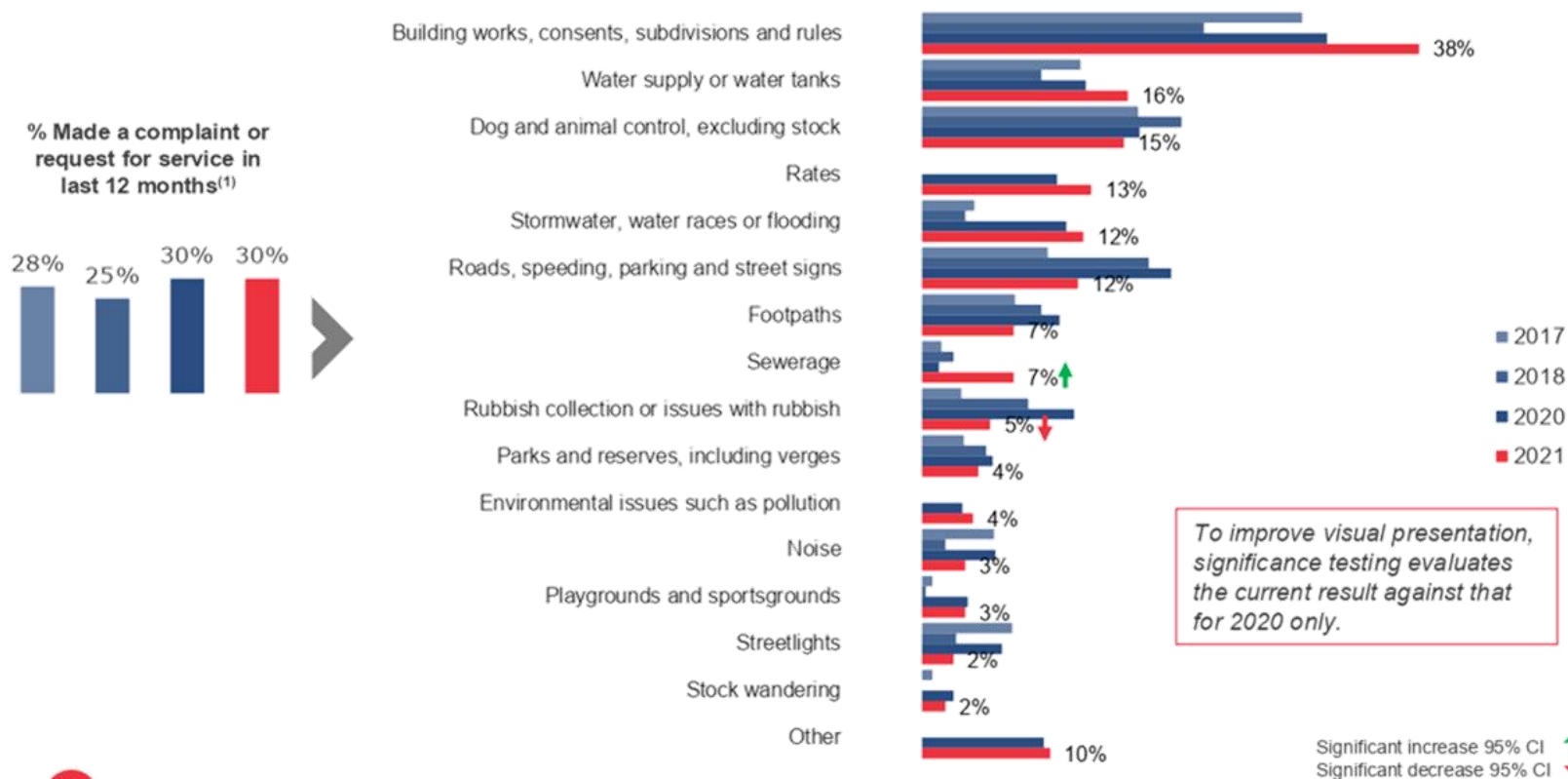
59

1. Results within detailed bars may sum to +/- one point due to rounding
2. Have you used the Council's website in the last year? And How satisfied are you with the ease of navigating and using the Council's website?
3. Results relate only to those who have used the website in the last year

Muirton

Issues lodged with the Council over the last year have mostly related to building development (38%), water supply (16%) and rates (13%), while roading related enquiries show a possible decline

Communication: Requesting service or making complaints⁽²⁾⁽³⁾



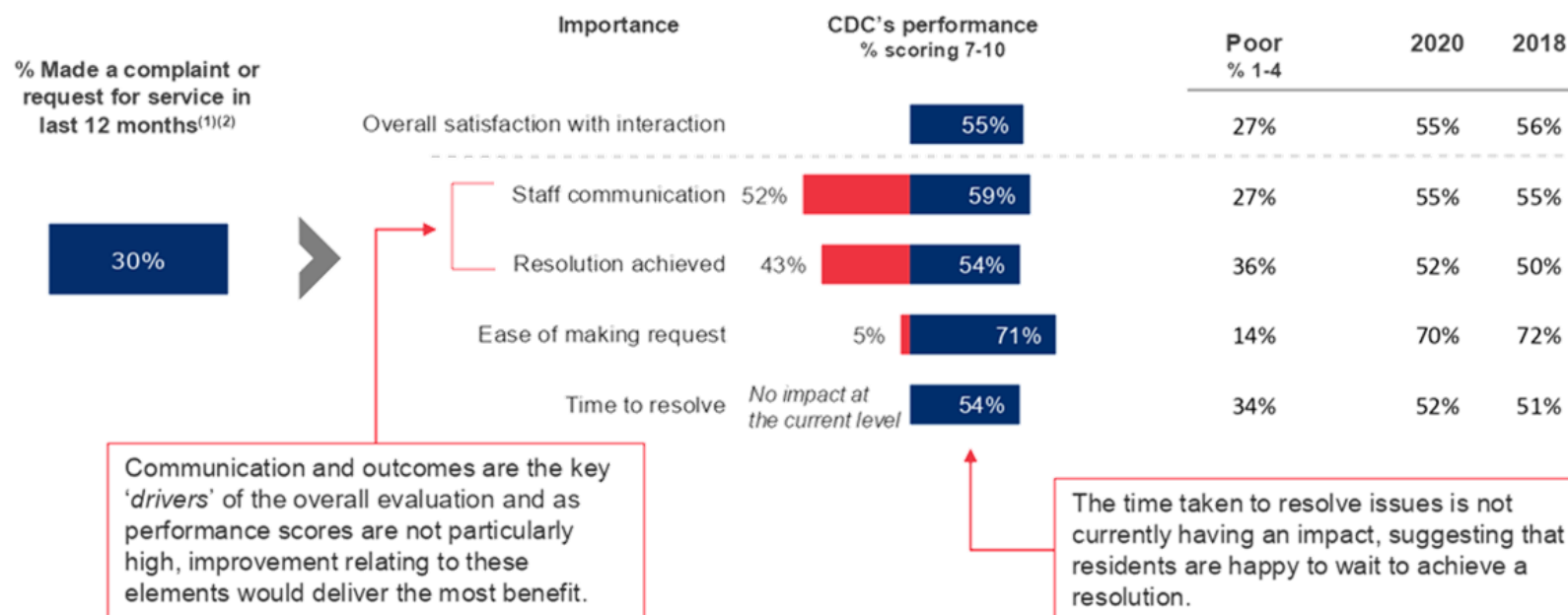
60

1. Have you made a request for service or lodged a complaint about a Council service in the past 12 months?
 2. Thinking about your most recent request or complaint, what did it relate to? Multiple response
 3. Sample: Total 2021 n=597 2020 n=658 Made a complaint or service request in the last year: 2020 n=202 2018 n=232

Muirton

Evaluation of how the Council is handling issues lodged is most strongly influenced by ‘how well staff communicate’ and with the ‘resolution achieved,’ so reducing the proportion of very dissatisfied residents on these elements offers the best opportunity to add value

Communication: Satisfaction with handling service requests and complaints⁽³⁾



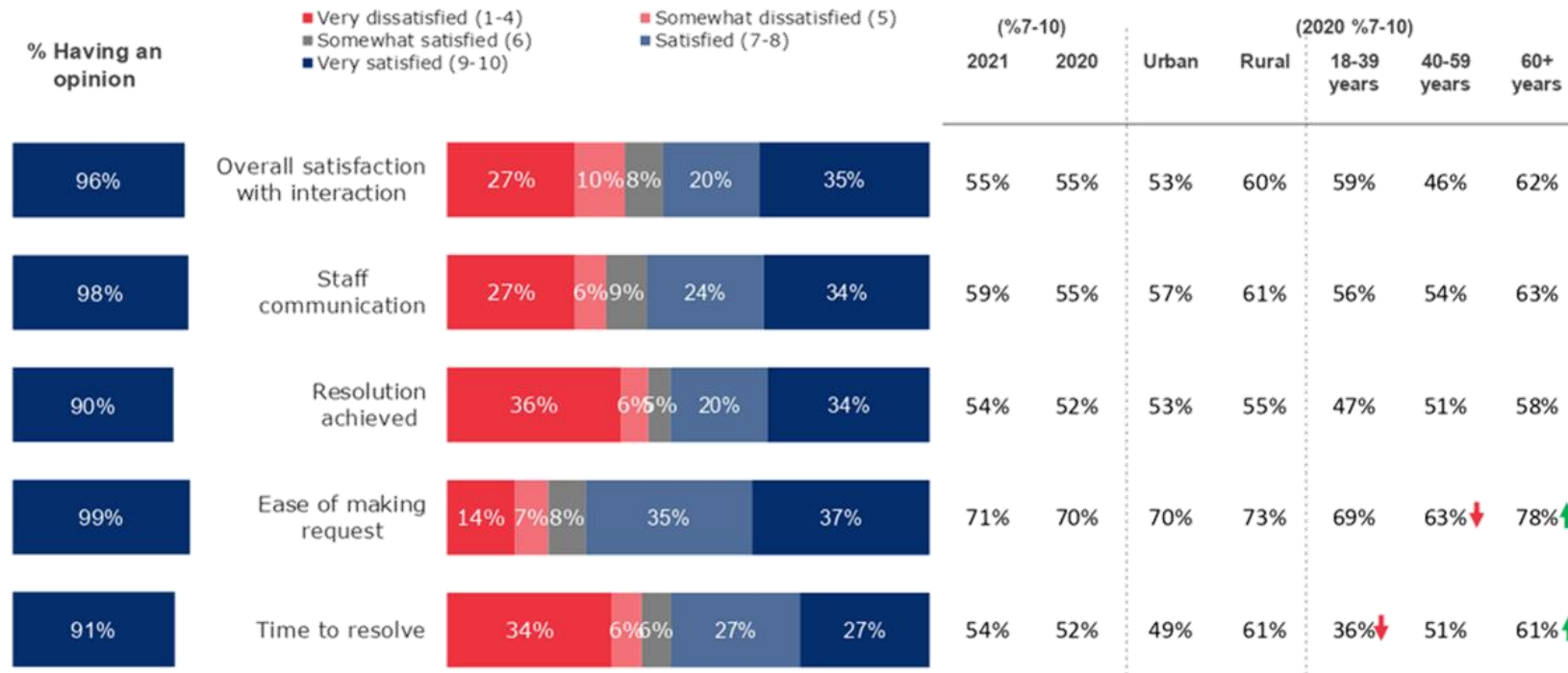
61

1. Have you made a request for service or lodged a complaint about a Council service in the past 12 months?
 2. Results relate to those who have made a complaint or request for service in the last year
 3. Sample: Total 2020 n=658 2018 n=885 Made a complaint or service request in the last year: 2020 n=202 2018 n=232

Muirton

Results for interactions with the Council's staff are similar to the prior survey; however, residents in older age groups tend to be more satisfied across the range of measures

Communication: Satisfaction with handling service requests and complaints⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾



Significant increase 95% CI ↑
Significant decrease 95% CI ↓

62

1. Results within detailed bars may sum to +/- one point due to rounding
2. Have you made a request for service or lodged a complaint about a Council service in the past 12 months?
3. Results relate to those who have made a complaint or request for service in the last year

Muirton

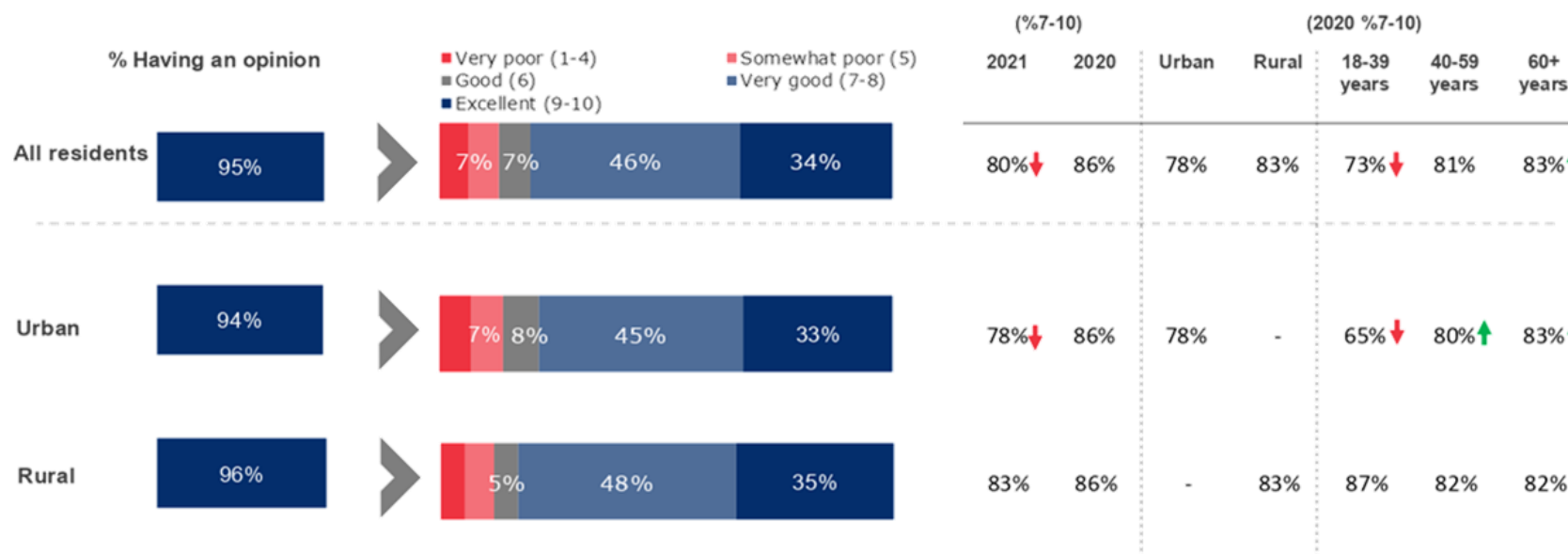


Section 11:
Health and wellbeing

Muirton

Most residents (80%) consider that their sense of health and wellbeing is either ‘very good’ or ‘excellent’; however, this is lower than measured in the previous survey and is mostly influenced by a decline in the sense of wellbeing among urban residents

Health and wellbeing: Personal health and wellbeing⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾



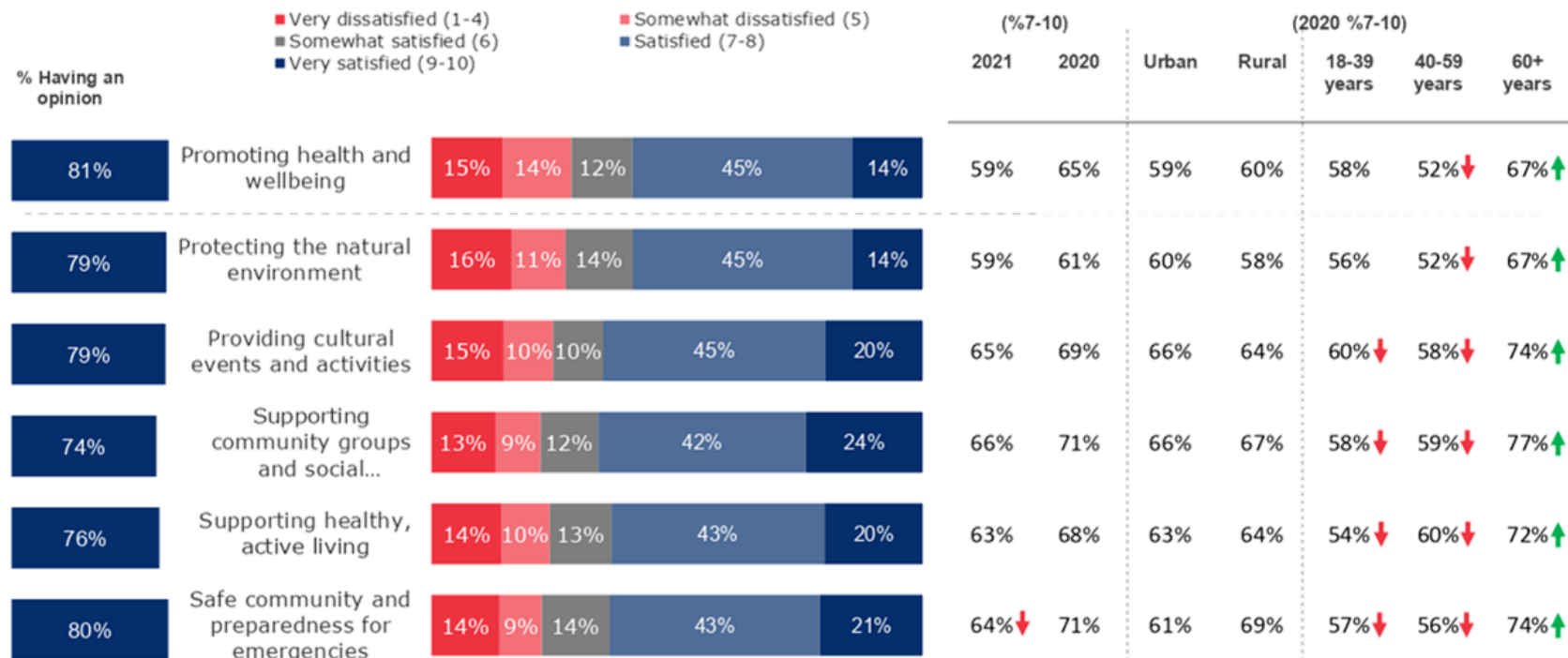
64

1. Results within detailed bars may sum to +/- one point due to rounding
2. How would you describe your personal health and wellbeing?
3. Health and wellbeing questions were introduced in the 2020 survey to reflect the Local Government (Community Wellbeing) Amendment Act

Muirton

Older residents have a more positive perspective on how well the Council is working to promote health and wellbeing, and at an overall level, residents' perceptions are mostly unchanged from last year, the exception being a reduced sense of preparedness for emergencies

Health and wellbeing: Satisfaction with the Council's activities to promote⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾



Significant increase 95% CI ↑
Significant decrease 95% CI ↓

65

1. Results within detailed bars may sum to +/- one point due to rounding

2. How would you rate Council for each of the following...?

3. Health and wellbeing questions were introduced in the 2020 survey to reflect the Local Government (Community Wellbeing) Amendment Act

Muirton

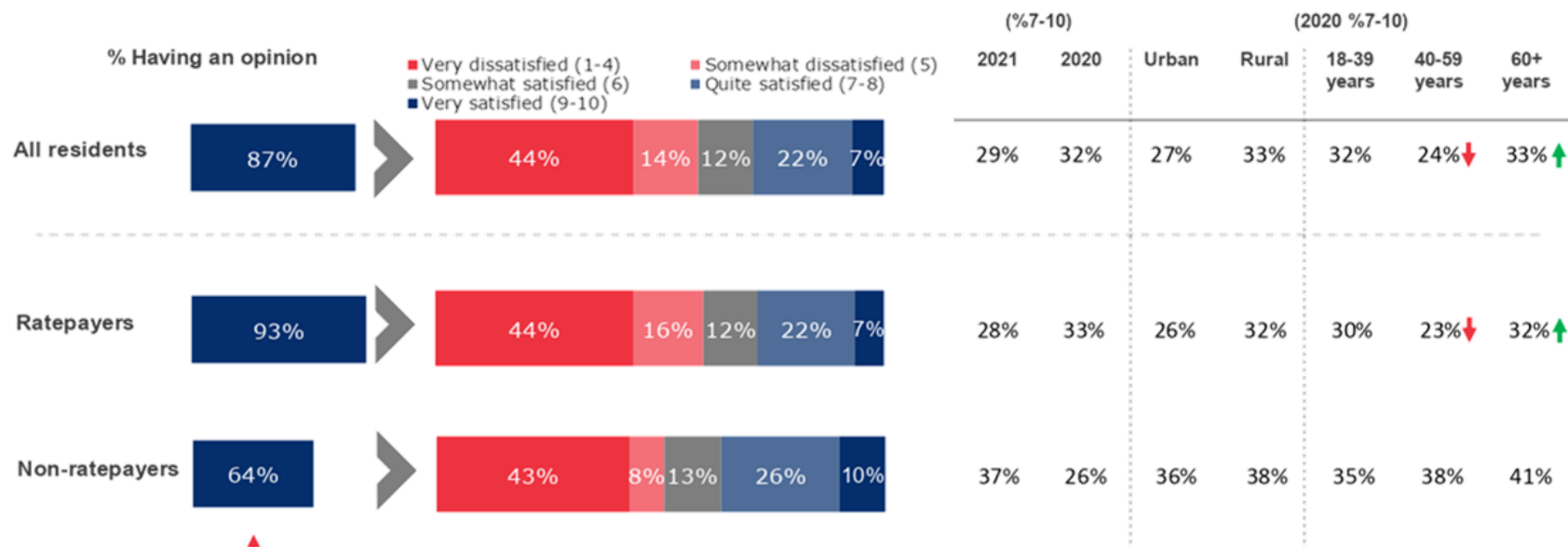


Section 12:
Pricing and payment options

Muirton

Perceptions of the Council's rates and pricing is similar to last year, with over half of residents being dissatisfied

Pricing and payment options: Overall satisfaction⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾



Those who don't pay rates on a property that they own are far less likely to have an opinion when asked about the Council's pricing and payment options.

Significant increase 95% CI ↑
Significant decrease 95% CI ↓

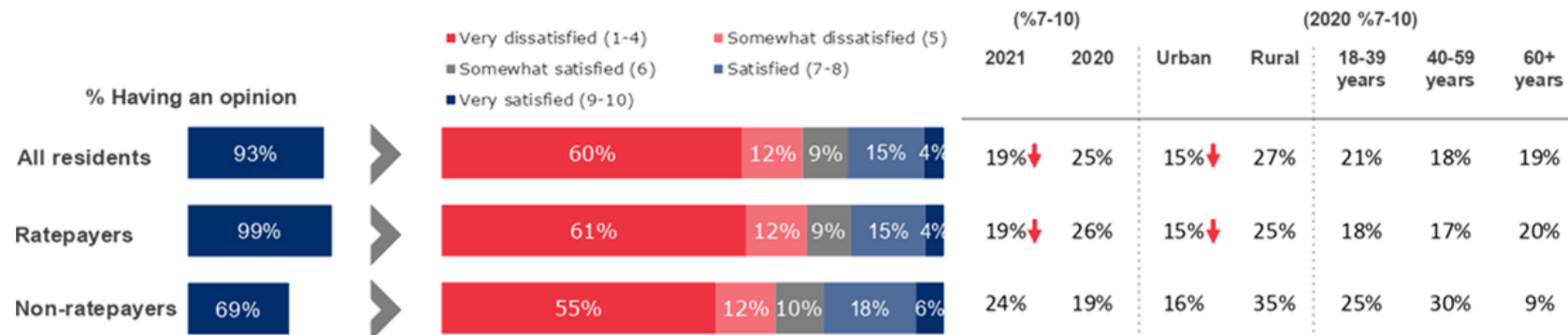
67

1. Results within detailed bars may sum to +/- one point due to rounding
2. How would you rate the Council for each of the following...?
3. The overall level question relating to satisfaction with Council's fees and payment options was introduced in the 2020 survey

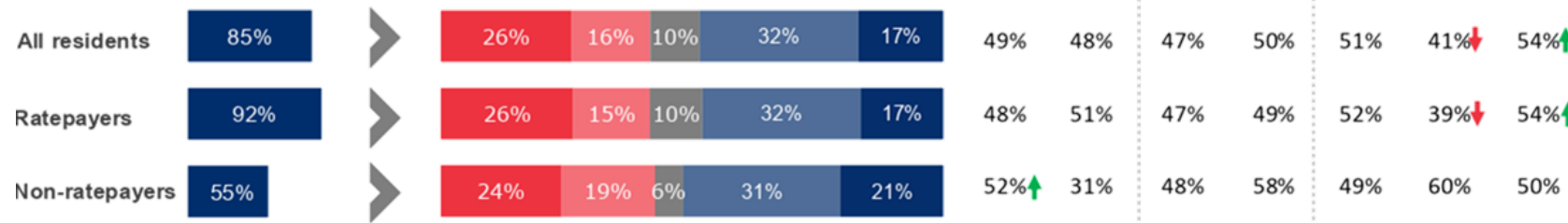
Muirton

Satisfaction with the 'rates being fair and reasonable' is very low, having declined further relative to the prior survey, this being driven by residents who are ratepayers

Pricing and payment options: Rates being fair and reasonable⁽¹⁾⁽²⁾⁽³⁾



Costs and value: Having a fair payment system



68

1. Results within detailed bars may sum to +/- one point due to rounding

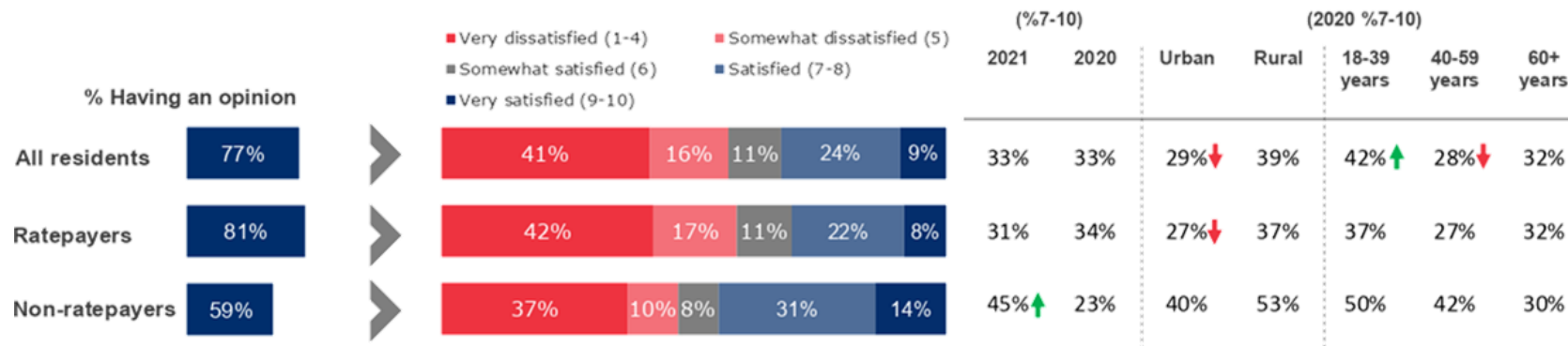
2. How would you rate the Council for each of the following...?

3. Sample: Total 2021 n=597, 2020 n=658; Ratepayers 2021 n=564, 2020 n=564; Non-ratepayers 2021 n=86, 2020 n=94

Muirton

Satisfaction with pricing for various other services is similar to last year, although non-ratepayers are more satisfied

Pricing and payment options: Fees for various services being fair and reasonable



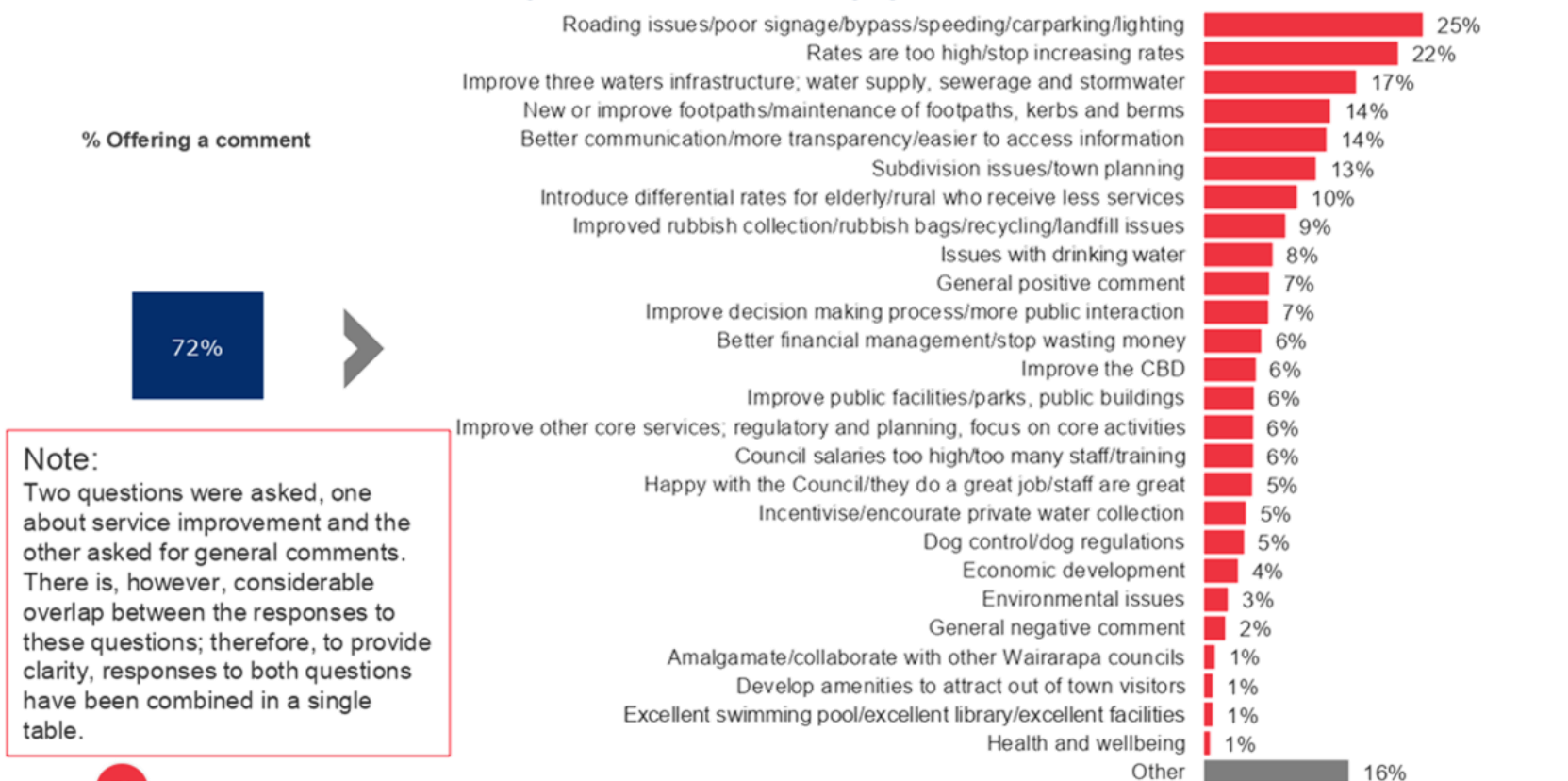


Section 13:
General comments

Muirton

Verbatim comments support the quantitative results with regard to concerns about the Council's pricing and the need to address infrastructure, plus there are a reasonably significant number of comments about town planning (13%)

General: How the Council can improve services to ratepayers⁽¹⁾⁽²⁾



71

1. How could the Council improve any of its services? Are there any other comments you would like to make about Council?
2. Sample: Total 2021 n=597

Muirton



Section 14:
Sample structure

Muirton

Notwithstanding that the response from younger residents (18-29yrs) was lower than anticipated, the sample achieved is closely aligned with the actual population distribution, meaning that the weighting calculation has made only a minor adjustment to the data

Response rate and sample composition by age

Population (2018 Census)		Group	Sample n=	Weighted n=	Response calculation	Sample n=	
29%	➤	65+ Years	188	176	Total sample	2400	
29%	➤	50-64 years	209	173	Less returned, moved, unable to complete etc.	70	
29%	➤	30-49 years	153	170	Adjusted sample	2,330	
13%	➤	18-29 years	47	78	Questionnaires returned		
					- Online	432	
					- Paper	177	
		Total	597	597	Total returned	609	26.1%
					- Less unusable	12	
					Total valid responses	597	25.6%

Weighting:

Weighting serves the purpose of adjusting responses based on demographics within the sample so the sample exactly resembles the known population. Smaller weight variables are preferable since the sample data is subjected to less manipulation. The current study has achieved a weight variable with a mean of just 1.01 and standard deviation of 0.3.

The sample has also achieved a good distribution across the geographic areas of the district, and although the proportion of Māori who responded is less than the population proportion (7% vs 10%), the response is sufficient and has been successfully adjusted by weighting

Sample composition by ward and ethnicity

Ward	Sample n=	Weighted n=	Weighted %
Central	141	142	23.7%
North	84	82	13.5%
South	152	153	25.8%
West rural	124	125	20.9%
East rural	96	95	15.8%
Total	597	597	100%
Urban	377	378	63.2%
Rural	220	219	36.8%
Total	597	597	100%

Ethnicity	Sample n=	Weighted n=	Weighted %
Māori	42	62	10.4%
Other ethnicities	555	535	89.6%
Total	597	597	100%



Section 15:
Contact details

Muirton

Contact details

Address	Contact
<p>Physical address: 12 Ivy Place Matua Tauranga New Zealand</p> <p>Postal address: PO Box 8378 Cherrywood Tauranga 3145 New Zealand</p>	<p>David Mustard Senior Consultant t: +64 7 576 3942 m: +64 27 474 1798 e: david.mustard@muirton.co.nz</p>



6.2 TREASURY UPDATE REPORT

1. PURPOSE

The purpose of the report is to provide the Committee with an update on the current Treasury position.

2. SIGNIFICANCE

The matters for decision in this report are not considered to be of significance under the Significance and Engagement Policy.

3. BACKGROUND

This report is an update as at 31 October 2021 on the current position of the loan/debt status.

Compliance against the parameters outlined in the Council's Liability Management Policy have been reported as at 30 September 2021.

4. DISCUSSION

Historically CDC has had a relatively low level of debt. Debt has been funded through BNZ, with some internal loans when prudent. Reporting against debt has generally been through financial updates to council, and in the annual report.

As CDC's debt increases, the level of risk also increases, and as such we plan to report on CDC's treasury position and management at each Audit and Risk Committee meeting. This covers the current debt position, forecast debt position, compliance with policy and covenants, and risks.

At the October 2021 Council meeting, the Council made the decision to become a guarantor of LGFA. This will allow us to have a further discounted interest rate on new or refinanced borrowing and will also allow us to go over LGFA's \$20m limit on non-guarantor borrowers, if/when required.

5. CURRENT POSITION

Since the Treasury Update Report presented at the August Audit and Risk Committee meeting, the council have borrowed an additional \$6.7m through LGFA in the October bond tender.

The total capital programme for the 2021/22 year is approximately \$14m. The amount borrowed through LGFA pre-funds our loan-funded capital programme for the rest of the financial year (excluding a short-term bond ending April 2022 which will be refinanced). By pre-funding our borrowing for the rest of the year, we can take advantage of LGFA's still low interest rates.

We continue to have internal borrowings of approximately \$6m, which as previously discussed, can be a prudent way to manage debt. However it is not

always visible in financial reporting, as only external debt is shown in the Statement of Financial Position. For the 2021 annual report, we have included in our borrowings note disclosure, a table to show our internal debt.

Position as at 31 October 2021:

LGFA	\$16,700,000
Internal borrowings	\$6,100,000
TOTAL	\$22,800,000

The average interest rate on our borrowings with LGFA is currently 1.72% up from 1.15% in the last treasury report. Over the last three months interest rates have responded to economic conditions arising from the pandemic and global supply issues. Council is in a good position with a still low average interest rate, and the capex programme for the remainder of the year pre-funded. The internal borrowings have also meant a decrease in external interest expense, as our external borrowing is not as high as budgeted, due to the use of internal borrowing.

The current interest rate has been achieved through borrowing from a number of different bonds, ranging from 6 months to eight years. In selecting the bonds, we considered interest rates, the timing of bonds, and the three waters reform (loans for three waters activities are in bonds with dates before April 2024).

6. LIABILITY MANAGEMENT COMPLIANCE

Council adopted Liability Management and Investment Policies as part of the 2021-31 LTP. The new Policies were effective as of the date of adoption.

The Liability Management Policy stipulates a number of parameters relating to the prudent management of debt. For the purposes of this report, the key policies are each addressed separately, as relevant.

6.1 Interest rate exposure

Interest rate exposure refers to the impact that movements in interest rates have on the Council's financial performance. Council's objective in managing interest risk is to minimise debt servicing cost and to maintain stability of debt servicing costs.

Factors that influence interest rates for long and short-term securities are beyond the control of the Council. It is prudent to be aware of where interest rate cycles are when making a decision as to the type of borrowing to be undertaken and what arrangements might need to be entered into to manage the interest on borrowing.

We have considered our interest rate exposure when drawing down borrowings and have structured our borrowings across bonds that end at different dates.

Interest rates are expected to increase from the current historically low rates, and we will continue to monitor interest rates and consider ways to manage our interest expense. This includes the pre-funding of year 1 capital programme.

6.2 Liquidity

Liquidity refers to the availability of financial resources to meet all obligations as they arise, without incurring penalty costs. The policy states that Council requires a minimum level of surplus liquidity to meet unexpected cash expenditure or revenue shortfall. The policy does not specify the level of liquidity required.

Liquidity at 30 September was 2.07, where our current liabilities are \$6.14 million and liquid assets (i.e. working capital) are \$12.7 million, based on our first quarter of 2021/22 results. The liquidity reflects the July borrowing drawn from the LGFA.

6.3 Credit exposure

Credit risk is the risk that a party to a transaction will default on its contractual obligation. Policy states the Council will only enter into borrowing agreements with creditworthy counterparties (rated A- or better).

LGFA is currently rated AAA by S&P Global Ratings.

6.4 Borrowing limits

The policy specifies the following limits for borrowing:

Policy	Current position (as at 30 September 2021)
Total debt as a percentage of total assets will not exceed 15 percent.	4.01%
In any financial year, gross interest paid on term debt will not exceed 12 percent of gross operating revenue.	0.29%
In any financial year, gross interest expense will not exceed 50 percent net cash inflow from operating activities.	2.45%

7. FORECAST POSITION

We are currently in year 1 of the Long-Term Plan. Capital expenditure is forecast for the year, of which a large portion is loan funded, resulting in forecast debt of \$18m at 30 June 2022. This is well within our limits, as shown in the LTP prudence benchmark graphs. We have now pre-funded all loan-funded capital works forecast in year 1 to take advantage of low interest rates. This includes pre-funding a short-term \$2m bond ending in January.

Currently we are still holding internal debt and will continue to assess whether it is more prudent to continue to hold this internally, or transfer to external debt through the LGFA.

8. NEXT STEPS

Staff will continue to monitor and report treasury position and compliance to the Audit and Risk Committee.

As the level of debt increases, so to does the risk to Council. One way to help manage the risk is to engage external consultants. PwC is one such consultant who

assists over 30 councils with treasury management. Staff have met with PwC to discuss the services they offer and have received a formal proposal outlining the services and costs.

The PwC team is deeply experienced in the local government sector and will provide proactive, tailored and timely advice. Their proposed approach includes:

- Review of our Treasury Policy to ensure consistency with sector best practice, changing financial markets and the delivery of Council's objectives.
- Monthly meetings with management to discuss Council's current and projected treasury risk positions, provide an update and outlook for funding and financial markets and, strategic treasury management recommendations.
- Regular Policy benchmarking reports specific to Council, and Strategy & Tactics reports to provide financial market insights and outlook.
- Attendance as needed at Audit and Risk Committee meetings to present an update on the Policy, financial markets and treasury strategy.
- Education and training with management and Council or attendance at our Introductory Treasury Courses as needed.

The annual cost of these services is \$24,000. This would be unbudgeted operating expenditure, and as such, would require approval of Council. Staff recommend engaging PwC for an initial one-year period, and then re-assessing prior to the end of the first year to consider whether we continue to use their services. The benefits of engaging PwC include the fact they are very familiar with the sector, and have knowledge, resources and tools to support management and Council in making prudent treasury decisions and refining our policies. PwC also have expertise in swaps and managing rising interest rate risks.

9. CONSIDERATIONS

9.1 Climate change

There are no specific climate change considerations.

9.2 Tāngata whenua

There are no specific tāngata whenua considerations.

9.3 Financial impact

The recommendation to engage the treasury management services of PwC for a year is unbudgeted expenditure. Staff consider the benefits of engaging their expertise in this area outweigh the costs. With PwC's assistance in managing interest rate risks, we may also be able to achieve a lower interest rate expense than we might otherwise have been able to.

9.4 Community Engagement requirements

There are no community engagement requirements.

9.5 Risks

Key risks relate to treasury management areas outlined above. As demonstrated, we are in compliance with policy, and have significant headroom in terms of our borrowing capacity.

As borrowings increase, risk becomes higher. For example, changes in interest rates can have a significant impact. In order to reduce risk we can, and will, consider the following:

- Interest rate exposure
- Policy limits
- Implications of the potential 3 waters reform
- Engaging an external advisor (as recommended)

10. RECOMMENDATION

That the Committee:

1. **Receives** the report.
2. **Notes** the current treasury position and compliance with policy.
3. **Recommends** to council that unbudgeted operating expenditure of \$24,000 (GST excl) is approved to engage the treasury management services of PwC for one year.

File Number: 136857

Author: Kelly Vatselias, Corporate Services Manager

Attachments: Nil



6.3 PROGRESS UPDATE ON AUDIT NZ RECOMMENDATIONS

1. PURPOSE

The purpose of this paper is to update the Committee on the progress achieved to date responding to the recommendations presented by Audit NZ, arising from their previous audits.

2. SIGNIFICANCE

The matters for decision in this report are not considered to be of significance under the Significance and Engagement Policy.

3. BACKGROUND

At the completion of each audit, Audit NZ sets out their findings from the audit in a report to the governing body. This report draws attention to areas where Audit have made recommendations for improvement. These recommendations are then added to this report. This report provides a mechanism for the Audit and Risk Committee to monitor the Councils progress in relation to the implementation of these recommendations on a regular basis.

Management can comment on the Audit recommendations, noting planned actions, or if management considers time/resource/financial costs outweighs the benefits gained by implementing the recommendation. The Committee can provide guidance on prioritisation of recommendations, and whether to accept the risk associated with any of the recommendations (i.e. where time/resource/financial costs outweighs the benefits gained by implementing the recommendation).

4. DISCUSSION

There are currently 16 recommendations listed. Twelve are rated Necessary, and four are rated Beneficial. We believe we have cleared eight of these recommendations (up from six cleared at the last meeting), with a further six in progress, and two not started.

We have not yet received the Audit NZ report from the 2021 interim or final audit, so no new recommendations have been added since the Final Report to Governors on the 2020 audit was received.

These findings and recommendations are set out in Attachment 1, which also includes an explanation of the rating criteria. The management comments and details of progress to date are identified with each. Changes from the August Audit and Risk Committee meeting are in red font. A 'Due by' column has been added in order to record when we expect to be able to clear the outstanding issues.

Staff continue to work towards clearing the outstanding items.

5. CONSIDERATIONS**5.1 Climate change**

There are no climate change considerations.

5.2 Tāngata whenua

There are no tāngata whenua considerations.

5.3 Financial impact

Our responses to most of the outstanding recommendations can be covered within existing budgets.

As a small council, it can be challenging to implement some recommendations with current resources. For example, an independent review of all invoices created would require a staff member to take on this role and there is limited capacity in the Corporate Services team to do this. We are considering roles and priorities within the team, and we also weigh up the benefits of implementing recommendations against costs (whether financial, or staff time).

5.4 Community Engagement requirements

There are no community engagement requirements.

5.5 Risks

There are risks associated with outstanding Audit recommendations. There are currently no 'Urgent' recommendations outstanding, which would identify a more significant level of risk. When considering Audit recommendations, we look at the level of importance assigned, and as discussed above, the benefits of implementing vs the costs involved.

6. RECOMMENDATION

That the Committee:

1. **Receives** the report.
2. **Notes** the progress being made to meet the recommendations made by Audit New Zealand.

File Number: 136858

Author: Kelly Vatselias, Corporate Services Manager

Attachments: 1. Audit NZ recommendations and progress [↓](#)

Audit NZ recommendations and progress

Audit NZ Recommendation	Audit NZ rating	Status (as at final audit 2020)	Management comment on status as at 1 November 2021	Due by
Procurement The District Council maintains appropriate documentation, proportionate to the value and risk of each procurement, to support planning, evaluation and conflict of interest management processes followed.	Necessary	In progress. We will review progress against this during our 2021 audit.	In progress. We are currently completing a review of our procurement practices and policy. Due for Council workshop in November 2021. Key staff involved in procurement have also been reminded of the need to ensure appropriate documentation is maintained.	End of 2021 calendar year.
Infrastructure contribution fee The schedule of fees and charges is updated for the infrastructure contribution fee for each type of service.	Necessary	Raised during 2020 final audit	Cleared. In the 2021/22 Schedule of Fees and Charges (in the 2021-31 LTP), we have broken down this contribution into each of the services as recommended. We expect this recommendation to be cleared in Audit NZ's next report.	N/A - completed
Revaluation of Property, Plant and Equipment (Roading) The District Council work to implement recommendations	Necessary	In progress. The independent valuer raised recommendations for the	Not started. We will review recommendations made by WSP and ensure these are considered for the next	Will be addressed during the 2023 valuation of roading assets.

Audit NZ Recommendation	Audit NZ rating	Status (as at final audit 2020)	Management comment on status as at 1 November 2021	Due by
<p>raised by the valuer during the 2020 revaluation.</p> <p>To be followed up when roading revaluation next occurs – expected in 2023.</p>		<p>District Council to work through for future valuations.</p>	<p>valuation of roading assets (due 2023).</p>	
<p>Building Consent – number of days</p> <p>19 J Comments:</p> <p>During our walkthrough of the building consent process, we noted that Magiq counted the days as 8 days while a manual recalculation by audit and confirmed by the Infrastructure Services and Regulatory Manager, and Building Services Team Leader, counted 9 days. While this is not an issue for a majority of the Building Consents issued as these fall well under the 20 day limit, it is an issue for those which fall on the 20 day deadline as they may have actually been issued at day 21.</p> <p>20J update:</p>	<p>Necessary</p>	<p>In progress.</p> <p>We will review progress against this during our 2021 audit.</p>	<p>Cleared.</p> <p>Due to the issues with the way Magiq was calculating consent days, we are now using the system GoGet. This system calculated the number of days accurately, so we expect this issue to be cleared next time Audit NZ review the system.</p>	<p>N/A - completed</p>

Audit NZ Recommendation	Audit NZ rating	Status (as at final audit 2020)	Management comment on status as at 1 November 2021	Due by
MagiQ counts the days as 10 days while a manual recalculation by audit and confirmed by the Building Services Team Leader, counted 11 days. It is an issue for those which fall on the 20 day deadline as they may have actually been issued at day 21.				
Annual leave balances Consider putting in place formal leave plans for staff with high annual leave balances.	Necessary	In progress. Management have advised that the HR manager provides leave balances to the relevant managers with a view to encourage people to take leave. We understand some progress is being made, however some annual leave balances remain high.	In progress. Management regularly receive staff leave balances and encourage staff with high leave balances to take annual leave. It is difficult to clear this recommendation, given some staff members in key positions have high leave balances, and it is not always easy to take extended leave. We will however continue to monitor balances, and work with staff to implement leave plans when needed.	March 2022.
Bank reconciliations Both the preparer and reviewer sign and date the bank reconciliations to demonstrate	Necessary	Outstanding. During the audit, we reviewed a sample of monthly bank reconciliations and found that	In progress. The finance team are implementing improvements in systems and processes, including	End of 2021 calendar year.

Audit NZ Recommendation	Audit NZ rating	Status (as at final audit 2020)	Management comment on status as at 1 November 2021	Due by
independent review was carried out and reconciling items have been checked to supporting documentation.		signoffs were not completed consistently. Management comment <i>We will ensure signoffs are completed in a consistent and timely manner. The recent lack of a Corporate Services Manager has resulted in some systems partially falling down.</i>	around the preparation and sign-off of reconciliations. We expect this issue to be cleared for next year's audit.	
Lack of review of timesheets Timesheets should be signed by the relevant cost centre manager as evidence of approval for work performed by the employee.	Necessary	Outstanding. We reviewed a number of timesheets and noted several instances where the approval was not evidenced. Management should ensure that all timesheets are approved. Management comment <i>We will contact managers to ensure this task is carried out and monitor to ensure compliance</i>	In progress. We have reminded managers of the requirement to review timesheets, including signing hard copy timesheets as evidence of review. Most staff are on electronic timesheets, which require manager sign-off prior to each payrun. <i>We believe this recommendation has been cleared but are awaiting results from Audit NZ's 2021 audit to confirm.</i>	End of 2021 calendar year.
Independent review of creditor masterfile changes	Necessary	Outstanding. During our interim visit, management were in the	Cleared.	N/A - completed

Audit NZ Recommendation	Audit NZ rating	Status (as at final audit 2020)	Management comment on status as at 1 November 2021	Due by
Creditor masterfile change reports should be independently reviewed within a timely manner.		<p>process of retrospective review however this review should be completed regularly.</p> <p>Management comment</p> <p><i>This will form part of the month end procedures when the full time Corporate Service Manager commences</i></p>	<p>The Corporate Services Manager now reviews all creditor Masterfile change reports.</p> <p>We expect this issue to be cleared for next year's audit.</p>	
<p>Independent Review of the changes in the Rating Information Database (RID)</p> <p>Implement independent review of changes made to the RID to ensure all changes are made correctly.</p>	Necessary	<p>In progress.</p> <p>Processes have not changed since the previous financial year. During the visit, we provided some guidance and advice to management on a method to address this recommendation.</p> <p>Management comment</p> <p><i>We would like to discuss this matter further with you.</i></p> <p><i>We agree some form of review is necessary, however the volume of updates to the RID means reviewing all changes is not practical, or perhaps necessary in some cases. We would like to agree what</i></p>	<p>Cleared.</p> <p>We have implemented the following review process:</p> <ul style="list-style-type: none"> • The QV maintenance weekly file is processed by one person and checked and signed off by another staff member. • Internal cash transfers eg: correction of payments from one rate account to another – processed by one person and checked by another. 	N/A - completed

Audit NZ Recommendation	Audit NZ rating	Status (as at final audit 2020)	Management comment on status as at 1 November 2021	Due by
		<i>matters should be the subject of review.</i>	<ul style="list-style-type: none"> • Reassessment of rates (for various reasons) are signed off by CSM. • Change of ownership on properties are now processed by one person and checked by another. <p>Based on the changes implemented, we expect Audit to clear this issue in next year's audit.</p>	
Expenditure processes Implement improvements to the expenditure process, including: <ul style="list-style-type: none"> • detailing a dollar amount on purchase orders; and • documenting the receipt of goods or services on invoices approved for payment. 	Necessary	Outstanding. Processes have not changed since the previous financial year. Management comment <i>We have substantially implemented an electronic purchase order system which incorporates internal controls of this nature. We will be monitoring this system to ensure appropriate controls are followed.</i>	Cleared. We expect this recommendation to be cleared by Audit NZ in the next report given our new electronic purchasing system requires users to input the dollar amount on purchase orders, and goods must be receipted in the system prior to the invoice being paid.	N/A - completed

Audit NZ Recommendation	Audit NZ rating	Status (as at final audit 2020)	Management comment on status as at 1 November 2021	Due by
Controls over journals <ul style="list-style-type: none"> A system generated list of all manual journals for the period is included with the journals for review. The reviewer is someone who is unable to post journals but understands the concept of them. 	Necessary	Outstanding. Processes have not changed since the previous financial year. We continue to recommend that the finance team should ensure that there is a process for independent review of journals, even if on a sample basis, and the evidence of this review is adequately documented. Management comment <i>We do not disagree with this comment, we will review the systems around journals, however finding a suitable person may be problematic given our size</i>	Cleared. All manual journals are now reviewed by the Corporate Services Manager (beginning July 2021). We expect this issue to be cleared for next year's audit.	N/A - completed
Segregation of duties We recommended a review of access to all systems occurs to ensure that access is given only to those who need it and that reviewers have read only access where appropriate.	Necessary	Outstanding. Processes have not changed since the previous financial year. Management comment	In progress. We are in the process of reviewing access to systems, with some review having been completed. We will continue our review, and also consider where we can	End of 2021 calendar year.

Audit NZ Recommendation	Audit NZ rating	Status (as at final audit 2020)	Management comment on status as at 1 November 2021	Due by
Also where the process currently involves one staff member, another is added to the process to ensure appropriate segregation of duties.		<i>Once senior manager (CSM) resourcing is reinstated, matters of this nature will be addressed.</i>	better implement improved segregation of duties. When implementing the new electronic purchase order system, we allocated access to staff with segregation of duties being one of the considerations. For example, the staff member involved in creditors does not have the ability to raise purchase orders.	
Contract Management Overall our review found that the majority of expectations of contract management processes were met. We noted however that there was a lack of a District Council specific contract management policy and guidance available to contract managers. When management are next reviewing the suite of policies, if policy or guidance on contract management was considered useful, the MBIE website has resources at	Beneficial	In progress. We will review progress against this during our 2021 audit.	In progress. We are currently completing a review of our procurement practices and policy, which may include contract management (TBC). We are also implementing the contract management module in Magiq, which will allow better recording, and management of our contracts.	End of 2021 calendar year.

Audit NZ Recommendation	Audit NZ rating	Status (as at final audit 2020)	Management comment on status as at 1 November 2021	Due by
https://www.procurement.govt.nz/procurement/guideto-procurement/manage-the-contract/ that could be used as a basis.				
Expenditure approval Consider an alternate approver for the Mayor's expenditure.	Beneficial	Raised during 2020 audit	Cleared. As agreed at the May ARC meeting, the Deputy Chair of the ARC signs off the Mayor's expenditure. We expect this issue to be cleared when Audit NZ next review this type of expenditure.	N/A - completed
Sensitive expenditure policies When the District Council next updates the sensitive expenditure policies, the areas we have identified against the OAG good practice guidelines are considered for inclusion.	Beneficial	In progress. We will review progress against this during our 2021 audit.	Cleared. The Sensitive Expenditure policy was last reviewed in November 2021 . The policy was reviewed against OAG good practice guidelines. The policy covers areas relevant to CDC.	N/A - completed
Review of invoices created Undertake a post-creation review to ensure all invoices issued by the District Council are correct.	Beneficial	Outstanding. Processes have not changed since the previous financial year.	Not started. We are currently considering this recommendation, and how best to address it, with consideration of areas of risk, and resources	End of 2021 calendar year.

Audit NZ Recommendation	Audit NZ rating	Status (as at final audit 2020)	Management comment on status as at 1 November 2021	Due by
		Management comment <i>Once senior manager (CSM) resourcing is reinstated, matters of this nature will be addressed.</i>	available to complete such a review.	

Audit NZ priority ratings:

Priority	Explanation
Urgent	<p>Needs to be addressed <i>urgently</i></p> <p>These recommendations relate to a significant deficiency that exposes the District Council to significant risk or for any other reason need to be addressed without delay.</p>
Necessary	<p>Address at the earliest reasonable opportunity, <i>generally within six months</i></p> <p>These recommendations relate to deficiencies that need to be addressed to meet expected standards of best practice. These include any control weakness that could undermine the system of internal control.</p>
Beneficial	<p>Address, <i>generally within six to 12 months</i></p> <p>These recommendations relate to areas where the District Council is falling short of best practice. In our view it is beneficial for management to address these, provided the benefits outweigh the costs.</p>



6.4 PROJECT REVIEW UPDATE (VERBAL)

1. PURPOSE

To update the Committee on the planned reviews of the Clocktower and Wastewater Reservoirs projects.

2. RECOMMENDATION

That the Committee:

1. **Receives** the report.

File Number: 136952

Author: Geoff Hamilton, Chief Executive

Attachments: 1. **DRAFT Expression of Interest - Review of Council Procurement and Contract Management** [↓](#)

EXPRESSION OF INTEREST

Review of Council Procurement and Contract Management

What we need

Carterton District Council are looking for suitably qualified and experienced consultant to the review Council procurement and contract management practices for medium and large-scale capital works. Specifically the use of tools, practices, and opportunities to mitigate project risks at concept and design stages.

The review scope

To identify cost effective practices that if used would reduce time, cost, or deliverables risks on medium and large-scale Council lead projects, using that same starting point of long-term plan concept stage.

What we don't want

A hindsight review of council projects seeking to identify what went wrong or apportion blame.

What's important to us

A project review is valuable where it identifies cost-effective practices that if used, would reduce the risks on a similar project using the same starting point of concept stage. By considering what went well, and what could be done if doing a similar project in the future, the report can then feed into Council's procurement policy and staff development.

What we require: capability and experience

The consultant will need to have the following experience and capabilities to assist the Council with this review:

- Demonstrates recent direct experience in Procurement of Council or NZTA co-funded civil infrastructure (which means understanding how Council as a client works with designers and suppliers in gaining their services for capital work, and actively reduces risk pricing premiums)
- Identifies, then assesses, raw and moderated project risks such as unforeseen ground or site conditions, contractor default, impacts of adverse weather
- Balances the time windows for investigation, design, tendering, construction phases to minimise variations during construction phases knowing Councils Long Term Plan budgeting cycle, and
- Provides a similar review of a major build / rebuild for Councils elsewhere, picking up both successes and issues.

Evaluation criteria

Submissions will be evaluated and weighted according to the following evaluation criteria:

1. Knowledge and understanding of the Wairarapa, and/or districts with similar characteristics
2. Technical expertise
 - a. Skillsets and areas of professional expertise of individual consultants
 - b. Skillsets and expertise with developing e-plans
3. Capacity to deliver
 - a. Ability to dedicate individual consultants for the duration of the work
 - b. Ability to draw on additional consultants during peak work periods
 - c. Demonstrate previous experience in this area
4. Project management skills and experience (15%)
 - a. Examples of project management roles
 - b. Ability to provide strategic and operational support



6.5 THREE WATERS REFORMS UPDATE

1. PURPOSE

To update the committee on the Three Waters reforms programme following recent announcements by Government.

2. SIGNIFICANCE

The matters for decision in this report are not considered to be of significance under the Significance and Engagement Policy.

3. BACKGROUND

On 27 October 2021 Government confirmed that Cabinet had made decisions on 18 October 2021 to proceed with the establishment of four publicly owned water service entities (WSE) on a legislated 'all-in' basis.

This paper covers the following, current at the time of writing:

Part A – Decisions, process and timeframes

- The decisions made by Government
- Reasons for the Government mandated the reforms
- The timeline and process for the reforms
- The implications for engagement and public input
- Pricing and economic regulation

Part B Opportunities for influence and outstanding issues

- Key opportunities for input and influence of the reforms
- Areas that remain unclear
- Further information and links

4. PART A: DECISIONS, PROCESS AND TIMEFRAMES

4.1. Decisions made by Government

Water reforms to proceed

On 27 October 2021 Hon Nanaia Mahuta, Minister for Local Government, and Hon Dr David Clark, Minister for Commerce and Consumer Affairs, confirmed that Cabinet had made decisions on 18 October 2021 to proceed with the establishment of four publicly owned water service entities (WSE) on a legislated 'all-in' basis.

The decision to mandate reforms through legislation follows on from a series of previous decisions that the Government has made on the Three Waters reforms programme. The decisions on 18 October were made following the eight-week period in August and September 2021 where councils and iwi/Māori were asked to provide feedback on the proposed reforms.

Key aspects of the Cabinet decisions on 18 October include:

Decisions made	Comment
Mandated change	The Government has decided that the reforms will be mandated through legislation. This means that there would no longer an option for councils to choose to 'opt-out' of the reforms process (see below for detail).
Reforms remain largely unchanged	<p>The Cabinet paper reconfirmed that the reforms package is largely unchanged as a result of the eight-week feedback process. Cabinet decisions confirm key aspects previously announced, including:</p> <ul style="list-style-type: none"> • Confirmation of the case for change • Confirmation of four publicly owned WSE. Key aspects of the design include protections against privatisation; competency-based boards, partnership with mana whenua, balance sheet separation from councils, and economic regulation to protect consumers • Water assets and debt will be transferred from councils to the WSE • Boundaries of WSE to remain unchanged with all Wellington councils in WSE C which stretches from Tairāwhiti / Gisborne down through Hawkes Bay, Wairarapa and lower Manawatū to the top of the South Island and the Chatham Islands. This WSE covers 21 local authorities and Greater Wellington Regional Council • The WSE will take over responsibilities for service delivery and infrastructure from 1 July 2024 • \$2 billion 'better off' / \$0.5 billion 'no worse off' funding package for local government • Two rounds of legislation to enable the reforms. The first 'Water Services Entities Bill' is planned to be introduced to Parliament by December 2021 with Select Committee process in early 2022. The second 'Water Service Entities

	(Implementation) Bill will be introduced to Parliament from mid-2022.
Working Groups	<p>In response to issues raised through the feedback, working groups will be established with local government, experts and iwi/Māori on details of the reform. These working groups are:</p> <ul style="list-style-type: none"> • Representation, governance and accountability • RMA interface • Rural / community water
Public consultation	The Cabinet paper signals an intent to work with local government on public participation and consultation on the reforms. The Select Committee process in early 2022 will provide “...further opportunity for engagement and public participation...” (see below for further detail).
Responding to feedback from the eight-week process	<ul style="list-style-type: none"> • The Cabinet paper contains a summary of feedback received through the eight-week engagement period [DIA, LGNZ and Taituāra have also jointly compiled a summary of feedback received – see links below]. • Some details of the reforms have changed as a result of feedback and the Government has signalled the intent to respond to other issues moving forward through the working groups noted above. • Key areas of response include the following [some of these were signalled prior to the Cabinet paper]: <ul style="list-style-type: none"> ○ Acknowledgement of the need to refine details of the reforms and establishment of the working groups to advise on these including governance, rural water, RMA interface ○ Acknowledgement of the need for better alignment between water reforms and the RMA reforms ○ Clarification of exemptions under the Water Services Act in relation to chlorine free drinking water ○ Extension of the transition time for small, unregistered drinking water suppliers to comply with acceptable solutions. This has been extended from five to seven years through an amendment to the Water Services Bill.
Other matters in the Cabinet paper – pricing and economic regulation	The Cabinet paper also contained updates on other key aspects of the Three Waters reform programme, in particular pricing and transition to economic regulation.

4.2 Consultation on economic regulation

On 27 October 2021, the Hon Dr David Clark, Minister for Commerce and Consumer Affairs also announced Cabinet had made decisions on 6 October 2021 to release a discussion paper titled 'Economic regulation and consumer protection for three waters services in New Zealand'.

4.3 Reasons for the Government mandated reforms

The most significant new policy aspect of the Cabinet decisions is to confirm a legislated 'all-in' or mandated approach to the reforms. This was the focus of the 18 October Cabinet paper with substantive discussion on the matter. The decision follows on from a fourth Cabinet paper in July which has not yet been released which focused on transition matters.

The decision to legislate the reforms is based on Cabinet reconfirming the case for change and that other options for reform were not considered effective. Key commentary on the decision to mandate the reforms from the Cabinet paper includes¹:

'noted that this decision is being sought following consideration and testing of a number of alternative models and mechanisms for delivering reform, including suggestions made by councils and options such as government subsidies and / or guarantees, and relying on regulation to drive voluntary improvements in service deliver.'

'noted...none of the alternative proposals presented and considered would deliver the comprehensive range of benefits and outcomes sought for all New Zealanders; or do so without significant financial implications for the Crown and taxpayers;

Alternative approaches would not work universally, be more costly for households, be more difficult to regulate effectively, would reduce the potential for efficiencies, would not build the necessary expertise and workforce capability, and/or would perpetuate differences in access to services, cost, and service quality;

Noted that the need to consider the collective interest of all New Zealanders outweigh a desire to accommodate the interests of individual councils and communities through a voluntary process, and there is a conflict between the national interest and decision making based on an opt-out approach;

Noted that taking further time to make decisions risks losing momentum for reform, and is not justified given the unsustainability of the status quo, the lack of viable alternatives, and the lengthy period of policy development and engagement undertaken since the Three Waters Review was initiated in mid-2017.'

4.4 Timeline and process for the reforms

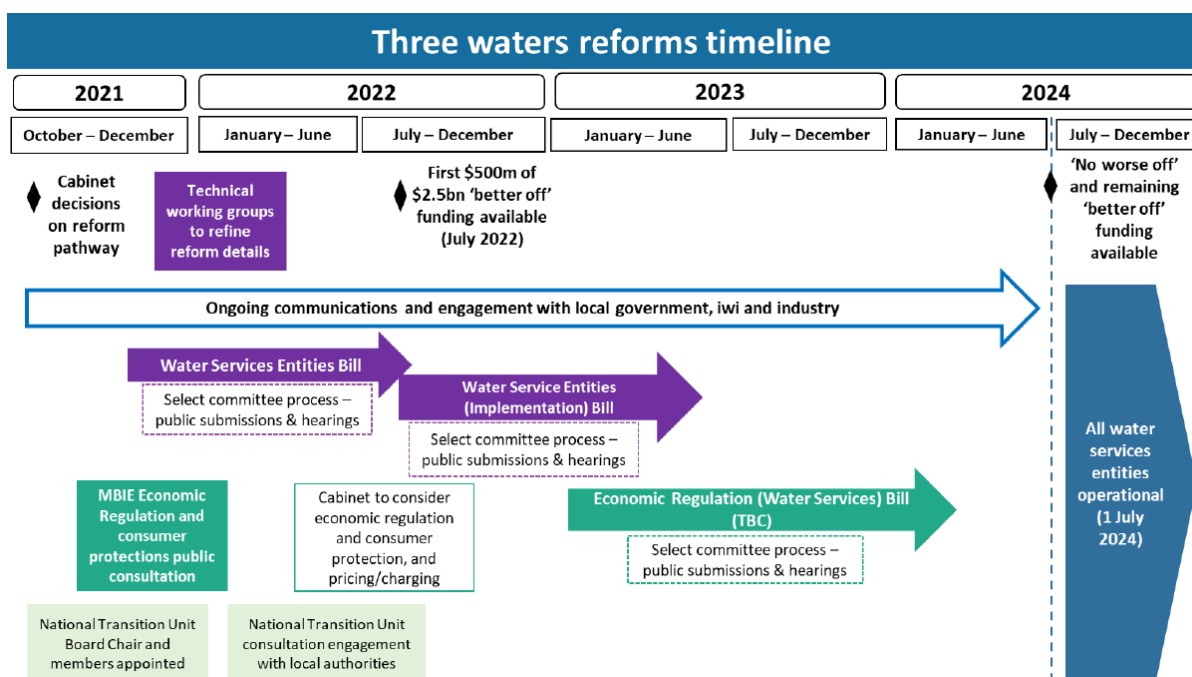
The Government announcement included a timeline for the reforms process (refer to the diagram below). Key aspects of the timeline include:

- Late 2021
 - Establishment of working groups
 - Introduction of a Water Services Entities Bill
 - Consultation on economic regulation
 - National Transition Unit – appointment of Board Chair and members
- From 2022:

¹ Refer: Recs 9-12 CAB-21-MIN-0419, 18 October 2021

- Select Committee process for the Water Services Entities Bill, early 2022
 - Transition process underway from early 2022
 - Report back on economic regulation, April 2022
 - Consideration of pricing and economic regulation, mid-2022
 - Water Service Entities (Implementation) Bill to be introduced to Parliament from mid-2022
- The WSE will take over responsibilities for service delivery and infrastructure from 1 July 2024

Diagram 1: Three Waters reforms timeline, source: DIA October 2021



4.5 Implications for engagement and public input

The Cabinet paper acknowledges the need for a comprehensive communications plan on the reforms and transition.

It also signals an intent to work with local government on public participation into the reforms and that this will be a national process. However, there is little detail on how this will occur². Mandating the reforms effectively means the primary opportunities for public / council input will be via the legislative process. The key channel for input is via public submissions through the Select Committee process.

This raises the question of what consultation or engagement process (if any), councils choose to undertake with iwi partners, local communities and other stakeholders to inform positions taken through the Select Committee process or other stages of legislation.

Given there is significant misunderstanding of aspects of the reforms and the complexity of the changes proposed, any council-led engagement process will need to be carefully considered once the Government has made the national process for public consultation clearer.

4.6 Pricing and economic regulation

As noted above, the Government (MBIE) has released a discussion paper on 'Economic regulation and consumer protection for three waters services in New Zealand'. This paper seeks public feedback on the Government's preliminary positions on the key policy decisions for the economic regulation and consumer protection regulatory regimes in the three waters sector. It provides a range of options on these issues without ruling out any options. Feedback is sought by 20 December 2021 and the outcomes of the consultation process will be reported back for April 2022.

Economic regulation is a key part of the water reforms to promote the interests of consumers, provide system wide performance information, drive efficiencies in pricing, investment,

² Refer: Paras 139-141 CAB-21-MIN-0419, 18 October 2021

procurement and asset management. Feedback on the reforms from councils also highlighted the importance of an economic regulator to support dispute resolutions.

The discussion document proposes a staged introduction of economic regulation from 2022 to 2027. Key aspects of the model include:

- Introduce information disclosure regulation so consumers are able to assess how the performance of their Water Service Entity compares to others
- Introduce economic regulation to control price and quality of services in the long term interest of consumers
- Require economic regulator to set a strong efficiency challenge to ensure that water services are as affordable as possible, and incentivise high quality consumer engagement
- Enable a consumer protection regulator to set minimum service level and provide protections for vulnerable consumers
- Establish a dedicated three waters consumer dispute resolution scheme

This consultation document is currently being reviewed in order to support submissions from councils in relation to potential regulatory models by 20 December 2021. See the links below for further details.

5. PART B: OPPORTUNITIES FOR INFLUENCE AND OUTSTANDING ISSUES

5.1 The key opportunities for input and influence of the reforms

While the Government has made decisions to proceed with the reforms on a mandated basis, significant design and establishment issues will need to be worked through.

There are several channels for councils and other stakeholders to influence the final form of the reforms as outlined below.

- Working groups
- Legislative process including Select Committee
- Consultation on economic regulation
- Transition process

5.2 Working Groups on representation, governance and accountability

As noted above, a specific working group will be set up to specifically work through representation, governance and accountability in response to sector concerns about the current governance proposals.

The Cabinet paper noted that the purpose of the group is to consider issues relating to representation, governance and accountability of the WSE and to recommend to the Minister of Local Government an alternative design that:

- Addresses the concerns expressed about the current model by local authorities
- Remains consistent with the government's reform objectives; and
- Is practical to implement and likely to achieve greater buy-in from the local government sector.

An email update from DIA on 5 November stated:

"The purpose of the Working Group is to take a fresh look at the proposals, with a view to developing recommendations on a strengthened set of representation, governance and accountability arrangements for the entities, within the bottom lines of good governance, Treaty partnership, safeguarding public ownership, and achieving operational and financial autonomy for the entities."

Membership of the Group will comprise an independent Chair, local government elected members and iwi/Māori representatives. The Department expects further details, including the Terms of Reference and membership of the Group, to be announced shortly³.

The working group is a key opportunity to shape these issues and work through matters such as:

- what local authority ownership means and how it is reflected in the governance framework
- details of any oversight bodies for the entities
- the process for setting entities direction and performance expectations
- the extent to which each entity could have bespoke governance and accountability mechanisms
- appointment of directors

On the 10th November government announced the Working Group on Representation, Governance and Accountability of new Water Services Entities will be comprised of 20 members, including an independent chairperson, nine elected members of local authorities, nine iwi/Māori representatives, and the chair of the joint Central-Local Government Three Waters Steering Committee.

The Representation, Governance and Accountability working group members are:

- **Independent Chairperson:** Doug Martin
- **Elected members of local authorities:** Mayor Phil Goff, Auckland; Mayor Dr Jason Smith, Kaipara; Mayor Garry Webber, Western Bay of Plenty; Mayor Neil Holdom, New Plymouth; Mayor Campbell Barry, Lower Hutt; Mayor Rachel Reese, Nelson; Mayor Lianne Dalziel, Christchurch; Mayor Tim Cadogan, Central Otago; and Mayor Lyn Patterson, Masterton.
- **Iwi/Māori representatives:** Ngarimu Blair, Jamie Tuuta, Karen Vercoe, Ngāhiwi Tomoana, Olivia Hall, Gabrielle Huria, Barry Bragg, and John Bishara. (One further representative for Entity A to be confirmed)
- **Chair of the joint Central-Local Government Three Waters Steering Committee:** Brian Hanna

5.3 Other working groups – RMA reforms and rural / community water

DIA officials also plan to establish technical working groups on other key issues raised in relation to the reforms, including:

Effective interface between the three waters reforms and RMA reforms

The Cabinet paper acknowledges that there are areas of concern relating to the interface of water and RMA reforms. The Cabinet paper confirms the intent to proceed with water reforms legislation separately from RMA reforms but also directs DIA and Ministry for the Environment to consider the effective interface between the regimes. In support of this DIA are tasked with establishment of a technical working group (similar to the stormwater working group) to ‘*ensure legislative and policy settings will support the range of interactions between water services entities and local authorities that are needed to enable housing and urban development.*’⁴

An email update from DIA on 5 November stated:

“...Government is establishing a technical advisory group to provide advice on the interface with the resource management system and local government planning to ensure the water service entities, councils and other infrastructure providers can work effectively together. This

³ Email from DIA titled ‘Technical working groups update - 5 November 2021’

⁴ Refer: Paras 115-126 CAB-21-MIN-0419, 18 October 2021

advisory group is expected to have a technical focus and include local authority elected members and officers and iwi representatives with experience in land use and infrastructure planning. This group will be supported by officials from the Department of Internal Affairs and the Ministry for the Environment.”

Rural and community water schemes

The Cabinet paper also acknowledges that there are a range of complex issues relating to rural and community water schemes. These provide a mixture of drinking and stock water and have mixed ownership models. These schemes based around small communities, marae, schools and farm-based models.

While water reforms focus on council-owned systems, there are implications for these rural / community schemes including ability to comply with drinking water regulations and relationship with the proposed WSE. A third working group will be established to support a clear pathway for transition of these schemes. This includes ‘...what the future functions, duties and obligations of the new water entities should be in respect of rural / community schemes.’⁵

An email update from DIA on 5 November stated:

“The Department of Internal Affairs and Taumata Arowai have set up a project team to build on existing work focused on ensuring that there is a clear pathway and support for the transition of small, rural suppliers into regulatory system. The intention is that this project team will support a Rural Supplies Technical Advisory Group, that will be convened to provide insights and practical and pragmatic advice into the key challenges, and issues for rural and non-councils suppliers, including informing the approach to regulation, considering which rural schemes transfer to water service entities, potential governance and management structures and arrangements, and the future roles and functions of water service entities to support rural communities served by these non-council owned and community suppliers.

The Department and Taumata Arowai are currently working together to identify potential membership of the rural technical advisory group, which is likely to include elected members and officials from rural councils, iwi, Federated Farmers and other rural representative groups. We expect to be able to confirm the scope and Terms of Reference of the group shortly, with the Steering Committee. The intention is for the first meeting of this group to be held before the end of the year.”

5.4 Legislative process and Select Committee

The reforms process will be mandated through two rounds of legislation to enable the reforms. The first ‘Water Services Entities Bill’ to be introduced to Parliament by December 2021 with Select Committee process in early 2022. The second ‘Water Service Entities (Implementation) Bill’ to be introduced to Parliament from mid-2022.

The process for a bill passing into legislation allows for several opportunities for public input and influence (see links below on process). This will be the key process to ensure that the details of the legislative framework for change will enable the right outcomes. This process and opportunities include:

- Introduction and first reading of the bill
- Select Committee process, including public submission process
- Second and third readings of the bill

⁵ Refer: Paras 127-138 CAB-21-MIN-0419, 18 October 2021

Given the intent of the Government to introduce the first bill in 2021, the key period of input and influence for the public is likely to be through the Select Committee process in early 2022.

5.5 Consultation on economic regulation

As noted above, economic regulation is a key part of the proposed water reforms. Review of the proposed model, submissions on the current consultation process as well as ongoing engagement with MBIE on the details of the proposed model will be an important opportunity to influence detail of the reforms and ensure consumer protections.

5.6 Transition process

The process of transitional establishment of the WSE is critical to success of the reforms model and must be carefully planned by DIA working closely with local government. This process needs to establish the new organisations and by 1 July 2024 transfer debt, assets, people, relationships, processes and accountability. This is a very significant change process which will have a major bearing on all councils and water services.

During transition, local government and the water sector will need to plan for and engage with transition and reforms. This will require substantive information and due diligence processes for debt, asset identification and transfer and HR change processes. At the same time the water sector will also need to meet concurrent challenges of:

- Delivery of planned water investment - councils have significantly increased investment relative to previous years. This brings major challenges of sector capacity and capability
- Responding to increased compliance and regulation which again raise challenges of ensuring there is the knowledge, processes and investment to meet these requirements
- Wider local government challenges and change including skills shortages, responding to climate change, RMA reforms, future of local government review and other financial pressures.

It is anticipated that more detail on the establishment of the Transition Unit and work programme will be released later this year. There are multiple areas where it will be important to influence this process and ensure it is co-designed with local government.

5.7 Areas that remain unclear

As noted above, significant more information on the reforms is anticipated over the next few months. There are several key questions that remain unclear at this point:

Governance and representation working group

- What are the channels of opportunities to feed thinking and advice into this group to help it succeed?
- How will advice from the group will be used to inform decisions and legislation?
- How will the process and advice of the group be sufficiently transparent to ensure buy-in?

Engagement and public consultation

- How will public engagement / consultation be managed nationally / by Government? What is the role of councils?
- How will further Iwi engagement / consultation be managed nationally / by Government. What is the role of councils?

Transition

- More information is required on the proposed timeline, programme and process for transition. This includes debt identification, asset identification and transfer and HR processes . This has significant bearing on resources for councils at what will be a busy time.
- When / how will the Chair and Board be established, how does local government have input to these appointments?
- What role, if any do DIA intend to play in facilitating a coordinated approach across councils in each entity area? This is both for consultation but also for transition issues
- Have DIA developed any updated change messages and process we can use for staff?

6. FURTHER INFORMATION

Links to more information:

Information	Links
Cabinet Paper 18 October 'Three Waters Reforms further decisions'	https://www.dia.govt.nz/diawebsite.nsf/Files/three-waters-reform-programme-2021/\$file/cabinet-paper-three-waters-reforms-further-decisions-18-october-2021.pdf
Summary of council feedback from DIA / LGNZ / Taituāra	https://www.dia.govt.nz/diawebsite.nsf/Files/three-waters-reform-programme-2021/\$file/summary-of-local-government-feedback-on-the-three-waters-reform-proposals.pdf
Economic regulator consultation	https://www.mbie.govt.nz/have-your-say/economic-regulation-and-consumer-protection-for-three-waters/
Legislative process	https://www.parliament.nz/en/visit-and-learn/how-parliament-works/fact-sheets/parliament-brief-the-legislative-process/

7. CONSIDERATIONS

7.1 Climate change

There are no climate change considerations.

7.2 Tāngata whenua

“Entity C” tāngata whenua are included in the government working group on Representation, Governance and Accountability. Furthermore, as the impact of the Three Waters Reforms on Carterton District Council becomes clearer, we will include engagement with local tāngata whenua as part of our transitional plan.

7.3 Financial impact

The financial impact of the Three Waters Reforms have been previously signalled to Council and include:

- Transfer of three waters assets to a new Water Services Entity, at no value;
- Transfer of three waters debt to a new Water Services Entity;
- Transfer of three waters staff to a new Water Services Entity;
- Share of \$500m “no worse off fund” to cover stranded overhead costs – CDC share still to be determined, but unlikely to be material;
- Share of \$2b “better off fund” – CDC share of approximately \$6.8m available for targeted projects from 1 July 2024;
- Transitional assistance from DIA - still to be confirmed;
- Treatment of rural water races - still to be confirmed;
- Land, water catchment areas, and other transitional details - still to be confirmed.

7.4 Community Engagement requirements

Following the government announcement, community engagement will take place through the government select committee processes. Officers are not recommending Council undertake additional community engagement or consultation at this time.

7.5 Risks

The Three Waters Reforms have increased the risks that Council face, not to mention the cost burden on ratepayers to manage this unfunded workload. Risks include:

- Unfunded costs - managing DIA information queries and transition process outside of business as usual;
- Loss of key staff (potentially to new WSE or DIA transition teams);
- Stranded overheads;
- Incomplete asset data – particularly important when determining what is a stormwater drain, a rural water race, or a natural stream;
- WSE’s not ready to take over responsibility and management of CDC assets on 1st July 2024;
- Proposed WSE governance model providing no ability for CDC or tāngata whenua to participate in strategy or investment priorities;
- Economic regulator unable or unwilling to keep a lid on rising water rates;
- Capacity of CDC staff to manage the transition process in the timeframes proposed.

These risks are being managed by CDC executive leadership team in close partnership with the two other Wairarapa Councils and other 20 councils, Mayors and CEO’s in the proposed “Entity C” WSE.

8. RECOMMENDATION

That the Council/Committee:

1. **Receives** the report.
2. **Notes** further updates to the Audit and Risk Committee will be made as information comes to hand.

File Number: 137116

Author: Geoff Hamilton, Chief Executive

Attachments: Nil



6.6 RISK REGISTER UPDATE

1. PURPOSE

To advise the Audit and Risk Committee on changes to the Carterton District Council Risk Register

2. SIGNIFICANCE

The matters for decision in this report are not considered to be of significance under the Significance and Engagement Policy.

3. RISK MANAGEMENT FRAMEWORK

On the 23 November 2017 the Audit and Risk Committee was presented with the Council's Risk Management Framework. The risk management framework outlines Council's risk appetite and informs the ranking for the risk register.

4. RISK REGISTER

Since its development the Carterton District Council risk register has been regularly reviewed and updated when necessary (**Attachment 1**). The register (Doc ID 39844) was last updated on the 4th November 2021.

The Register contains 31 identified risk items each with a risk colour associated with a risk score as per the approved Risk Management Framework. The number of unmitigated items is recorded in the first column where the second identifies risk scores once mitigated.

5. RISK REGISTER CHANGES

An additional risk item has been added to the register.

Item 8: *Inability to retain and/or recruit workforce.*

In the context of the challenging labour market, the likelihood and impacts of retaining and/or recruiting workforce members are increasing difficult.

There are retention and recruitment challenges across New Zealand, due to a competitive labour market, tightening market conditions, border closures, wage pressures and growing concerns around labour shortages and skilled workers. The level of employment is higher than pre-pandemic levels. There is high demand on highly skilled regulatory staff (given all the central government activity) and engineering staff (impact on transport, asset specialists and projects etc.).

Total number and categorisation of risks are as below.

Risk Score (unmitigated)	Risk Score (mitigated)	Level of Risk
11	Zero	Extreme risk
14	1	Significant risk
5	14	Moderate risk
Zero	16	Low risk

6. EMERGING RISKS

1) Legislative change – Taumata Arowai and the Water Services Act

Parliament has passed the Water Services Bill, which received royal assent on 4 October 2021.

Part 2 of the Water Services Act 2021 contains provisions relating to supply of drinking water in relation to suppliers, safety plans, notifications and record keeping, customer complaints, source water, standards, drinking water supply register, emergency powers, authorisations, laboratory accreditation and testing, statutory management and transfer of operations, and review and appeals.

One of the key differences from the existing drinking water standards is the separation of the drinking water rules and aesthetic values out from the Standards.

Drinking water standards – main difference between old and new

The draft Drinking Water Standards set the Maximum Allowable Values (MAVs) for a range of contaminants which can affect the safety and quality of drinking water. They are based on guideline values set by the World Health Organisation. These new Drinking Water Standards for New Zealand have been largely carried over from the existing Drinking-water Standards for New Zealand, however there is current consultation on small changes.

The new Drinking Water Quality Assurance Rules inform drinking water suppliers what they need to do to demonstrate compliance with the Drinking Water Standards.

Some of the other key differences from the old DWSNZ is that the new rules have:

- different levels of complexity to match the complexity of supplies
- a new format, grouping rules into modules to make it easier for suppliers to find the rules that apply to their supplies
- a greater emphasis on testing to identify and reduce risks
- new requirements for source water testing and distribution system monitoring
- new rules for very small (<50 people) and small (50-500 people) supplies
- discontinuance of the DWSNZ secure bore water criteria. All water supplies will need some form of treatment unless an exemption is granted by Taumata Arowai

- a new chemical compliance section for large (>500 people) supplies.

Note: The implementation of these standards will increase operational costs for testing and reporting and these impacts are likely to be reflected in the 2022/23 Annual plan.

2) Legislative change – Resource Management Act and the Natural and Built Environments Bill

On 1 July 2021, Parliament's Environment Committee commenced an inquiry into the parliamentary paper on the Natural and Built Environments Bill, which included an exposure draft of some provisions for the Bill. The majority of the committee recommended that the development of the Natural and Built Environments Bill should proceed, and that the full Bill be introduced to Parliament. The committee considered that some of the provisions in the exposure draft should be redrafted to better reflect reform objectives.

3) Local Government Review

On 23 April 2021 the Minister of Local Government established a review into the future for Local Government. The review is to consider, report and make recommendations on this matter to the Minister.

The first interim report was released in October, *Ārewa ake te Kaupapa - Raising the Platform*, and poses a series of questions that the panel will develop answers to over the following year. The questions include how local governance should be reshaped, what functions and roles would be essential, and what funding and financing would be needed.

4) Three Waters Review

The Government has decided on an 'all in' approach to the three waters reform. Cabinet will consider refinements to the proposals with a final report from officials in the coming weeks, including advice on changing aspects of the proposals. Cabinet will then consider the next steps including a public consultation process.

5) Supply Chain impact

Supply chain issues due to COVID 19 have not greatly impacted CDC at this point but has a potential to impact on the delivery of capital projects. Council have experienced some delays in obtaining steel, pumps, and general water infrastructure that may be greater in the future.

7. CONSIDERATIONS

7.1 Climate change

None for the Risk Register.

7.2 Tāngata whenua

None for the Risk Register.

7.3 Financial impact

There are no budgetary implications for the Risk Register.

7.4 Community Engagement requirements

None for the Risk Register.

7.5 Risks

None outside of what are already in this report.

8. RECOMMENDATION

That the Committee:

1. **Receives** the report.
2. **Notes** the changes to the Risk Register in Attachment 1.

File Number: 136859

Author: Dave Gittings, Infrastructure, Planning and Regulatory Manager

Attachments: 1. Risk Register [↓](#)

CDC RISK REGISTER

Original Document Date 03/10/2017

COUNCIL RISK	POSSIBLE CAUSE	MITIGATION	Raw RS	Mitigated RS
1) Reputational damage	<ul style="list-style-type: none"> • Poor communication • Poor performance • Misinformed public • Poor media relationship • Conflicts of interest or perception of conflicts not managed • Inappropriate behaviour of staff or elected members • Sector damage 	<ul style="list-style-type: none"> • Code of Conduct and/or appropriate policies • Leadership by example • Media training • Appointment of media liaison advisor 		
2) Lapses of health and safety	<ul style="list-style-type: none"> • Contractors carrying out work on Council's behalf without correct health and safety plans • Event Centre venue hirers without health and safety plans • Staff working alone in remote working areas • Staff interacting with troubled or difficult people who may react badly • Equipment misuse/failure • COVID 19 outbreak through Council Staff or from a Council run venue • Staff mental wellbeing adversely affected by stress and fatigue 	<ul style="list-style-type: none"> • Health and Safety requirements instigated across Council • Create evacuation guide to be given to hirers and placed in main areas of high visibility • Adequate training for staff in high risk areas • Equipment is maintained and regularly serviced • Personal camera for animal control • Policy not to work alone where possible danger exists • Use of Garmin In Reach devices for remote workers • All council vehicles have GPS tracking • Pandemic response plan • Wellbeing initiatives implemented • Monitoring of staff workloads including cover for extraordinary circumstances and staff vacancies 		

DOC ID 39844

1

LAST REVIEW DATE 04/11/2021

CDC RISK REGISTER

Original Document Date 03/10/2017

COUNCIL RISK	POSSIBLE CAUSE	MITIGATION	Raw RS	Mitigated RS
3) Poor natural disaster response (Lack of preparation)	<ul style="list-style-type: none"> • Council overwhelmed in a major incident • Inappropriate decisions being made • Lack of compliance with policies and processes • Lack of capability, knowledge and ability • Lack of well-defined or practiced processes • Lack of community resilience 	<ul style="list-style-type: none"> • Emergency Management planning and practices • Regular adequate training • Policies and procedures in place and followed • Good relationship with WREMO and other Councils • Ensure staff are aware of what is required and what their role is • Asset Infrastructure resilience (e.g. purchasing of pipe work, joints and introduction of practices that have shown to be more resilient in the Christchurch earthquakes) • On-going relationship with 'Resilient Carterton' • Public information and education • Focus on potential earthquake prone buildings within the district 		
4) Data management system loss	<ul style="list-style-type: none"> • Sole source of information coming from data management system • Information not captured • Information and data not restored after loss • Cyber Attack on the Council's ICT Environment • Loss of External Network Connectivity for the Council's ICT Environment • Loss of Internal Network Connectivity for the Council's ICT Environment 	<ul style="list-style-type: none"> • Firewalls, passwords, and other security measures • Back up processes • Disaster recovery processes in place and working • Use of MagiQ Documents • Use of authorised systems only • Multiple External Network Suppliers • Patch Management and Deployment • Staff awareness and training • Delegation of Authority where possible • Establishment of working IT security relationships across local governments 		

DOC ID 39844

2

LAST REVIEW DATE 04/11/2021

CDC RISK REGISTER

Original Document Date 03/10/2017

COUNCIL RISK	POSSIBLE CAUSE	MITIGATION	Raw RS	Mitigated RS
	<ul style="list-style-type: none"> Council Data loss (This is an extension of the Data Management System Loss) 	<ul style="list-style-type: none"> Hardware and Connectivity redundancy where possible 		
5) Loss of key employees	<ul style="list-style-type: none"> Small Council with limited human resources resulting in a single staff member in key Council areas Serious accident Prolonged illness (non-accident) Retirement Disaffected staff resigning Pandemic affecting staff or their families or pandemic response preventing staff from being at work Water Services Bill - as per its first reading placing personal strict liability on Council officers 	<ul style="list-style-type: none"> Cross training for some work items with the wider team. Contract availability from outside agencies Operations manuals/Desk Files Job Descriptions Document extraordinary tasks Duplicate training across staff Succession plans where appropriate Availability of Contractors and/or Consultants Investment in our people Regular communication with staff Engaged staff Keeping jobs interesting Upskilling Pandemic Policy Business Continuity Plan Continuing evaluation of water services being handed to a regional body 		
Human Resources				
6) Industrial action	<ul style="list-style-type: none"> Unhealthy organisational culture Autocratic management style 	<ul style="list-style-type: none"> Education and awareness of rights 		

DOC ID 39844

3

LAST REVIEW DATE 04/11/2021

CDC RISK REGISTER

Original Document Date 03/10/2017

COUNCIL RISK	POSSIBLE CAUSE	MITIGATION	Raw RS	Mitigated RS
	<ul style="list-style-type: none"> • Workplace practices • Poor employment practices • Lack of communication • Legal action against Council 	<ul style="list-style-type: none"> • Managing conflict and resolving disputes in the workplace • Effective communication with staff • Bargaining parties effectively represented • Organisational commitment to effective/peaceful bargaining • Demonstrating respect • Good communication with staff 		
7) Unethical/inappropriate behaviour	<ul style="list-style-type: none"> • Inappropriate computer use • Time misuse • Harassment and/or bullying of staff • Lack of policies or policies not enforced • Poor work place culture • Lack of effective procedures and systems • Theft and fraud and other illegal acts 	<ul style="list-style-type: none"> • Create Code of Conduct and/or appropriate policies • Lead by example • Reinforce consequences • Show appreciation to employees • Create checks and balances • Hire for values 		
8) Inability to retain and/or recruit workforce	<ul style="list-style-type: none"> • challenging labour market • border closures or restrictions • wage pressures • Workplace changes (i.e. future of local Government, three waters reform) 	<ul style="list-style-type: none"> • Ongoing explanatory conversations with staff • Increasing pay rates • Increase in condition offers 		
9) Unfair treatment of council staff	<ul style="list-style-type: none"> • No framework in place to support pay, leave, overtime activities and transactions and benefits and/or bonuses 	<ul style="list-style-type: none"> • Training • Policies and procedures in place and followed • Checks and balances in place 		

DOC ID 39844

4

LAST REVIEW DATE 04/11/2021

CDC RISK REGISTER

Original Document Date 03/10/2017

COUNCIL RISK	POSSIBLE CAUSE	MITIGATION	Raw RS	Mitigated RS
	<ul style="list-style-type: none"> No formalised hiring processes in place Unequal compensation and benefits 	<ul style="list-style-type: none"> Documented delegated authorities/signing authority Multiple signatures required Collective agreements in place Council Drive for a positive culture 		
10) Hiring of unsuitable/ unsafe personnel	<ul style="list-style-type: none"> Discriminatory practices Poor interviewing practices Negligent reference checks Hiring staff who lack capability and or knowledge 	<ul style="list-style-type: none"> Staff training in interviewing or accompanied by experienced interviewer Employment Agreements comply with all employment law Induction process in place and used Employees required to sign off on important policies and procedures Set paperwork as required by law completed Dedicated HR manager position Hiring procedure in place Collective Employment Agreements Proactive culture that allows people to speak up 		
11) Breach of employment legislation	<ul style="list-style-type: none"> Lack of knowledge/ awareness of employment law Applicable law not complied with Required records not kept 	<ul style="list-style-type: none"> Managers assisted by human resource understand basic employment law Managers briefed by HR staff when laws changes are made Employment Agreements drafted that comply with all terms and conditions of employment required by law Management non-compliance not tolerated 		

DOC ID 39844

5

LAST REVIEW DATE 04/11/2021

CDC RISK REGISTER

Original Document Date 03/10/2017

COUNCIL RISK	POSSIBLE CAUSE	MITIGATION	Raw RS	Mitigated RS
		<ul style="list-style-type: none"> Managers are aware of the records that need to be kept Managers and human resources monitor all staff to ensure working conditions are appropriate and are not exploitative. 		
Operations				
12) Water supply contamination	Multiple potential points of contamination: <ul style="list-style-type: none"> Failure of chlorine dosing and pH adjustment Failure of UV disinfection Contamination of treated water storage Contamination of ground water bores Frederick Street reticulation pressure pump contamination Failure of any of the distribution system connections allowing contaminant ingress Untrained/unsupervised or poorly trained staff Lack of monitoring Response delays 	<ul style="list-style-type: none"> Sand filtration Bag filtration UV disinfection (x2) pH adjustment Chlorination Daily monitoring Weekly cleaning of filters Drinking-water supply - Water Safety Plan Supplementary supply Ability to isolate sections of supply (contain contaminants) External auditing 		
13) Failure of asset/infrastructure		<ul style="list-style-type: none"> Renewal programmes 		

DOC ID 39844

6

LAST REVIEW DATE 04/11/2021

CDC RISK REGISTER

Original Document Date 03/10/2017

COUNCIL RISK	POSSIBLE CAUSE	MITIGATION	Raw RS	Mitigated RS
(three waters)		<ul style="list-style-type: none"> • Staff knowledge of asset condition • Reporting of faulty plant/equipment • Updated and adhered to asset management plans • Increased monitoring • Back-up water supply • Back-up generators • Use of more resilient materials and procedures in replacement and new pipework • Council investment in wastewater plant upgrade • Back-up computer server • Back-up of telemetry data • Regular updating of telemetry & PLCs • Staff capable and trained to carry out repairs • Supplementary supply stocked up with chemical for a prolonged event. • Material in stock to carry out any foreseeable repairs 		
14) Wastewater plant failure	<ul style="list-style-type: none"> • Lack of investment in maintenance and renewal of assets • Lack of knowledge of asset state • Natural disaster (flood / earthquake) causing equipment breakage • Significant loss of IT or stored data not triggering warning alert • Loss of Power PLC / Telemetry 	<ul style="list-style-type: none"> • Staff knowledge of asset condition • Reporting of faulty plant/equipment 		
15) Poor building/asset security	<ul style="list-style-type: none"> • Theft or damage to assets • Theft or damage to critical machinery 	<ul style="list-style-type: none"> • CCTV • Alarms fitted to vital buildings 		
16) Non-compliance with GWRC consents				

DOC ID 39844

7

LAST REVIEW DATE 04/11/2021

CDC RISK REGISTER

Original Document Date 03/10/2017

COUNCIL RISK	POSSIBLE CAUSE	MITIGATION	Raw RS	Mitigated RS
	<ul style="list-style-type: none"> Significant loss of IT or stored data or data telemetry Lack of trained personal Lack of systematic monitoring 	<ul style="list-style-type: none"> Regular monitoring as per consent requirements Back up staff trained in sampling techniques Back-up computer server Back-up of telemetry data 		
17) Poorly run roading contracts and contracting process	<ul style="list-style-type: none"> In document contractual errors No oversight on contractual work Poor contractual service (delays / poor work) Cost overruns No or poor asset condition monitoring Roads and footpaths not fit for purpose leading to accident/injury 	<ul style="list-style-type: none"> Employment of CDC roading manager for project oversight Asset engineer /roading manager/ops manager closer working relationship Best practice contractual arrangements 		
18) Wastewater treatment plant upgrade cost overrun or non-performance	<ul style="list-style-type: none"> Lack of a detailed project plan Incorrect design Lack of Governance and project management oversight Project specific risks not identified and addressed 	<ul style="list-style-type: none"> Project has Governance Group, project management, design detail, and risk register. 		
Reserves and Buildings				
19) Unsafe Council buildings or grounds in use	<ul style="list-style-type: none"> Failure of specified systems (air conditioning system, fire detection, fire suppression etc.) Disturbance of asbestos in or on the building without appropriate safety procedures Failure of fire evacuation procedures Earthquake prone buildings in use 	<ul style="list-style-type: none"> Building warrant of Fitness closely monitored All suspected asbestos material identified and tested Regular fire evacuation procedures practised for events centre and administration building Any EQP buildings operated under Legislative requirements CCTV in place and used 		

DOC ID 39844

8

LAST REVIEW DATE 04/11/2021

CDC RISK REGISTER

Original Document Date 03/10/2017

COUNCIL RISK	POSSIBLE CAUSE	MITIGATION	Raw RS	Mitigated RS
	<ul style="list-style-type: none"> Uncontrolled building access 	<ul style="list-style-type: none"> Register of all access keys and fobs in development 		
20) Injuries/death at the swimming pool	<ul style="list-style-type: none"> Uneven /wet surfaces causing slips and falls Oversubscribed admission to the pool overtaxing life guards Incorrect dosing of chlorine pool water (poor water quality) Untrained or undertrained lifeguards 	<ul style="list-style-type: none"> Safety matting provided Manhole covers flush with surrounding paths Chemical handling certificates and training in pool dosing for all staff undertaking the work Contracted trained lifeguards 		
21) Injuries at council parks	<ul style="list-style-type: none"> Children play equipment becoming or installed as unsafe Incompatible activities on existing equipment Incorrect mower or power tool use around public 	<ul style="list-style-type: none"> Play equipment checked 6-monthly Clear signage of intended use Training and supervision of inexperienced staff 		
22) Incorrect or delayed cemetery interments	<ul style="list-style-type: none"> Interments in the wrong site Interment site unprepared on time staff and public falling into prepared graves Heavy machinery use in public area 	<ul style="list-style-type: none"> Burial warrants sent to four different staff to ensure action Training and supervision of inexperienced staff 		
23) Improper chemical use	<ul style="list-style-type: none"> Incorrect storage or use of chemical sprays 	<ul style="list-style-type: none"> GroSafe handling certificate for staff 		
Planning and Regulatory				
24) Statutory non-compliance				

DOC ID 39844

9

LAST REVIEW DATE 04/11/2021

CDC RISK REGISTER

Original Document Date 03/10/2017

COUNCIL RISK	POSSIBLE CAUSE	MITIGATION	Raw RS	Mitigated RS
	<ul style="list-style-type: none"> IT system providing false time keeping information Unable to complete all required statutory tasks Lack of resources to follow regulations Procedures inadequate or not followed 	<ul style="list-style-type: none"> Close monitoring of time frames with contractual arrangements in place for overflow Regular in-house audits 		
25) Non-compliance of CDC animal facility	<ul style="list-style-type: none"> Animal facility below MPI minimum code of welfare standards 	<ul style="list-style-type: none"> Funding for new pound in Annual plan 2019/20 for approval 		
26) Poor regulatory decision making	<ul style="list-style-type: none"> Inexperienced staff Lack of care and diligence 	<ul style="list-style-type: none"> New staff closely supervised by competent staff Annual competency assessments of BCOs Peer review of technical decisions for each BCO 		
27) Operational below standard food establishment	<ul style="list-style-type: none"> Lack of regular inspections by Environmental Health Officer (EHO) No competent EHO available in Council 	<ul style="list-style-type: none"> Qualified EHO employed 		
28) Disease spread by poor animal management practices	<ul style="list-style-type: none"> Placement of wandering diseased stock into areas that were disease free 	<ul style="list-style-type: none"> Stock not moved into private property without owners approval or directed by Police 		
Corporate services				
29) Inadequate financial controls				

DOC ID 39844

10

LAST REVIEW DATE 04/11/2021

CDC RISK REGISTER

Original Document Date 03/10/2017

COUNCIL RISK	POSSIBLE CAUSE	MITIGATION	Raw RS	Mitigated RS
	<ul style="list-style-type: none"> Not following legislative or policy financial systems and processes 	<ul style="list-style-type: none"> Separate passwords required for each approval stage Segregation of duties Source documentation retained Delegations policy Procurement policy Audit trails Budget holder review processes Dunning processes All receipts through Debtors Receipts given to all customers Subsidiary systems reconciled POs pre-numbered, sequential, and signed for System controls Invoices require manager approval Mileage claims through payroll Only 2 credit cards (CE, CSM) Approval required before use Clear policy and guidelines Small number on payroll – everyone known to staff All changes reviewed and checked Manager approves timesheets Electronic timesheet approves annual leave in advance Overtime authorised in advance 		
30) Unable to obtain loan funding	<ul style="list-style-type: none"> Loss of bank confidence 	<ul style="list-style-type: none"> strong financial management relationship with account manager funding through LGFA 		

DOC ID 39844

11

LAST REVIEW DATE 04/11/2021

CDC RISK REGISTER

Original Document Date 03/10/2017

COUNCIL RISK	POSSIBLE CAUSE	MITIGATION	Raw RS	Mitigated RS
31) Local Body elections	<ul style="list-style-type: none">• Electoral fraud• Errors in election process	<ul style="list-style-type: none">• Employ appropriate elected service supplier• Security measures around voting booths• Elected officer declaration		

DOC ID 39844

12

LAST REVIEW DATE 04/11/2021



6.7 CLIMATE CHANGE

1. PURPOSE

For the Committee to adopt the joint submission (three Wairarapa District Councils) to the Ministry for the Environment's consultation on the *Te hau mārohi ki anamata* Transitioning to a low-emissions and climate-resilient future discussion document.

2. SIGNIFICANCE

The matters for decision in this report are not considered to be of significance under the Significance and Engagement Policy.

3. BACKGROUND

Te hau mārohi ki anamata Transitioning to a low-emissions and climate-resilient future

The Ministry for the Environment (MfE) is consulting on what should be included in New Zealand's first emissions reduction plan via the *Te hau mārohi ki anamata Transitioning to a low-emissions and climate-resilient future* discussion document. Consultation opened 13 October and will close on 24 November 2021.

The Emissions Reduction Plan (Plan) will set out the actions New Zealand will take to meet our first emissions budget, put us on the path to meet our second and third, and transition to a low-emissions future in a way that is achievable and affordable. The first Plan will be published in May 2022. The guiding principles for Government decisions on the Plan are:

- A fair, equitable and inclusive transition
- An evidence-based approach
- Environmental and social benefits beyond emissions reductions
- Upholding Te Tiriti o Waitangi
- A clear, ambitious, and affordable path

The discussion document was informed by independent advice from the Climate Change Commission (the Commission) in June 2021. The discussion document can be found on the MfE website:

<https://environment.govt.nz/publications/emissions-reduction-plan-discussion-document/>

We have already provided advice to the Climate Change Commission

The three Wairarapa District Councils submitted on the Climate Change Commission's 2021 Draft Advice in March 2021. The joint submission generally supported the Commission's draft advice, but also highlighted parts of the draft

advice that from rural/provincial perspective will require Government's particular attention when it comes to policy development.

4. DISCUSSION

Three Wairarapa District Councils' Submission: Key Points

This submission is a joint submission of the three Wairarapa District Councils. This was developed in consultation with elected members that are members of the Wairarapa Climate Change Caucus (Elected Members from the three Wairarapa District Council with the Climate change portfolio).

The submission largely iterates the points that the three Wairarapa District Councils made in response to the Commission's 2021 Draft Advice in March 2021 and reinforces the role of local government in responding to climate change, as well as the resourcing that is required.

The submissions includes general feedback as well as responding to questions relating to the following areas: transition pathways, helping sectors adapt, working with our Tiriti partners, making an equitable transition, government accountability and coordination, funding and financing, emissions pricing, planning, research, science and innovation, behaviour change, moving to a circular economy, transport, energy and industry, building and construction, agriculture, waste, Fluorinated gases (F-gases), and forestry.

General feedback in this submission reflects the need for a Plan with a clear pathway on how the actions will be pursued and funded. It notes that many of the questions asked this consultation round were already asked when the Commission consulted on their Draft Advice and that there is a lack of detail in the discussion document than what was anticipated in terms of getting closer to seeing a draft Plan.

5. NEXT STEPS

Following approval by all three of the Wairarapa District Councils, the joint response will be submitted to the MfE before consultation closes on 24 November 2021.

6. CONSIDERATIONS

6.1 Climate change

There are no direct implications as a result of this decision to approve this submission.

However, this submission will help the Government to write the Emissions Reduction Plan, so we can expect New Zealand to lower its greenhouse gas emissions and adapt to climate change in a more appropriate way in the near future.

6.2 Tāngata whenua

The submission comments that iwi/Māori views should be imbedded in all climate change actions, and that the councils support any initiatives that will empower and adequately resource iwi and hāpori Māori to participate in the development of any national climate change plans, including a transition strategy.

6.3 Financial impact

No financial implications have been identified as a result of this decision to approve this submission.

6.4 Community Engagement requirements

No communication or engagement plan is required as a result of this decision to approve this submission.

6.5 Risks

No risks have been identified as a result of this decision to approve this submission.

7. RECOMMENDATION

That the Committee:

1. **Receives** the report
2. **Receives** the Attachment 1 – *Te hau mārohi ki anamata Transitioning to a low-emissions and climate-resilient future* discussion document
3. **Receives** the Attachment 2 – Summary of the *Te hau mārohi ki anamata Transitioning to a low-emissions and climate-resilient future* discussion document
4. **Receives** the Attachment 3 – Joint submission to *Te hau mārohi ki anamata Transitioning to a low-emissions and climate-resilient future*
5. **Adopts** the joint submission *Te hau mārohi ki anamata Transitioning to a low-emissions and climate-resilient future*

File Number: 137128

Author: Melanie Barthe, Climate Change Advisor

Attachments:

1. Te hau marohi ki anamata Transitioning to a low-emissions and climate-resilient future discussion document [↓](#)
2. Summary of the Te hau marohi ki anamata Transitioning to a low-emissions and climate-resilient future discussion document [↓](#)
3. Joint submission [↓](#)



Te hau mārohi ki anamata

Transitioning to a low-emissions and climate-resilient future

Have your say and shape the emissions reduction plan



Ministry for the
Environment
Manatū Mo Te Taiao

New Zealand Government

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Message from the Minister of Climate Change

Of the many challenges we face, the climate crisis is the one that will shape the lives of our children and grandchildren the most.

Over the last three and half years we have been putting in place the foundations for a low-carbon Aotearoa New Zealand that will be a catalyst for job creation, innovation, and prosperity for decades to come.

In that future, many of our everyday tasks will be powered by clean, renewable energy; there will be cleaner air to breathe; cars charged overnight by renewables; homes heated by the power of the sun, and kept warm by insulation; and we'll have lower energy bills, so there is more money in people's pockets to enjoy what they love.

Kids going to schools heated by clean energy because of the work we are doing to replace coal boilers. Cleaner options for getting around because of the billions we've invested in rail, light rail, buses, walking and cycling infrastructure. People travelling to work in more efficient cars powered by cleaner fuels because of the Biofuels Mandate and Clean Car Standard.

Warm, dry homes for people to live in because of the expansion of the Warmer Kiwi Homes programme and energy efficiency standards for new state homes. Cleaner and more efficient workplaces because of the Building for Climate Change programme. Low-emission business employing hundreds of people in well-paid jobs thanks to support from the Government Investment in Decarbonising Industry Fund.

New innovations in clean tech because of the unique support provided by the Green Investment Fund. New job and business opportunities in the clean energy industries of the future because of the work we have done to build a new energy research centre in Taranaki to kickstart the hydrogen economy. A public service that leads by example because of the tens of millions invested in zero-emission vehicles and our commitment to carbon neutrality by 2025. Carbon sinks all over the country thanks to the \$1.2 billion invested in Jobs for Nature. Companies reporting to shareholders on their climate-related risks and redirecting capital to cleaner ways of doing business.

Every single one of these achievements is part of the enduring framework we are putting in place for a low-carbon, climate-friendly Aotearoa. A clean-tech, high-value economy that works for everyone. A future that is more equitable, more prosperous, and more innovative – and all within planetary limits.

None of this is to say that our job is done. Far from it. We are yet to see a sustained decline in the pollution we put into the atmosphere. And even when we do, we need to ensure that decline continues and, in fact, picks up pace, every year until we hit net zero. The Climate Change Commission's final advice made clear that this is possible, but only if we act now – and that we do so across a range of areas, including energy, transport, waste, agriculture, construction and financial services.

The Climate Change Response Act 2002 requires us to publish the emissions reduction plan by 31 May 2022, setting out how we will meet our climate targets. Over the last few months, Ministers have been discussing what contribution their agencies can make to this plan. This

work will continue throughout this consultation, but we wanted to take the opportunity to share with you some of the new ideas that have come up – and to get your feedback.

The emissions reduction plan will set the direction for climate action for the next 15 years and require action across a range of areas, including energy, transport, waste, agriculture, construction and financial services.

The document that follows is a focused look at some of the new ideas Ministers have come up with in each of these areas – policies that may be in the final emissions reduction plan. You will see there is still work to do, but that is precisely why your feedback is so important.

We also want to make sure that the emissions reduction plan reflects the part we must all play in the transition to a low-emissions future. Government policy will be crucial, but so too are the plans and strategies you will develop to reduce emissions in your own organisations and communities. We want to hear what these plans are – and how we can support you so that together we build a better, cleaner future.

The final emissions reduction plan needs to pull together the collective effort of every part of Aotearoa. It needs to set out future policy and regulatory change, but also the action that can be taken in every business, every town and city, and every community.

We look forward to hearing from you.

A handwritten signature in black ink, appearing to read 'James Shaw', with a long horizontal stroke extending to the right.

Hon James Shaw
Minister of Climate Change

Why we're consulting

Our first emissions reduction plan will be published in May 2022. This plan will set out the policies and strategies Aotearoa New Zealand will take to meet our first emissions budget, helping to transition to a low-emissions future in a way that is achievable and affordable.

Since the final advice of the independent Climate Change Commission (Commission) was published in June, conversations have been underway across Government about how Ministers and agencies can support emissions reductions in their portfolios – and what can be included in the final plan.

Some of the ideas that have come from these conversations form the basis of this discussion document, and we would like your feedback on them. Other ideas have already been consulted on – either through previous policy development, or the Commission's consultation – and are not included here. For these reasons, we are not presenting a draft plan in full. We know there is still work to do to make sure we meet our emissions budgets, and we want to hear your ideas so we can make sure they inform the conversations underway across Government.

We also want to hear about the part you will play in the transition – the steps your community can take, the low-carbon investments you can make in your businesses, the plans you can put in place on your farm, or the changes you can make – and what you need from the Government to support these changes. You know your organisations best, and what can be achieved. Tell us what could be included in the final plan and what you need from us to make it happen.

While the Government has an important role to play in getting the policy and regulatory settings right, we cannot do it alone. Building a low-emissions economy is a collective effort. Every tonne of emissions that needs to be reduced can only come about because of decisions made by businesses, community leaders and landowners, as well as by individuals and their families. From the small things – like working from home more often to cut down on trips in the car – to the more significant economy-wide change that will need to happen over a long period of time, the most important thing is that these decisions, including those made by Government, collectively add up to the reductions needed to meet our emissions budgets.

It's true to say that some of these changes can only be made if they are supported by policy or regulatory change. But that's not always the case, and the final emissions reduction plan needs to reflect this. It will make clear what part the Government will play and what emissions reductions can be achieved through policy, but it must also capture the huge contribution you can make.

This document is intended to encourage a discussion about what could be included in the final plan. There is no part of Aotearoa, no business, no community, no farm, no family, whose future will not be shaped in some way by the decisions we all take about what goes in the plan. This is why it is so important to get them right, and why the final plan needs to reflect the Government's ambition, as well as your own.

We also need to think about how we achieve this together. Since the Commission's final advice was published, additional work has been done on our starting point for the next three emissions budgets. This work shows the task ahead is more significant than the Commission anticipated. This means that we need to decide on the period over which we can achieve the emissions reductions. It doesn't change the goal – a net-zero-carbon Aotearoa for our children to enjoy – but it does change the way we go about it. If it is possible to lay the foundations

now for deeper cuts in the second emissions budget period, then that is what we should do. However, we want to hear from you about what is achievable over the next few years so we can make the best decision for future generations.

Introduction

Climate change is the greatest challenge of our time. But the solutions also offer a unique opportunity to transform our economy, support innovation, and bring benefits to Aotearoa New Zealand. We all have a role to play in creating this future – one that is low emission, climate resilient, and lifts the wellbeing of New Zealanders.

Our commitment to this future means reducing our greenhouse gas emissions to limit the global average temperature rise to 1.5°C above pre-industrial levels. These targets require:

- all greenhouse gases, other than biogenic methane, to reach net zero by 2050
- emissions of biogenic methane to reduce to at least 10 per cent below 2017 levels by 2030, and to at least 24–47 per cent below 2017 levels by 2050.

To help meet the targets and manage the impacts for all New Zealanders, the Climate Change Response Act 2002 (CCRA) also establishes a system of emissions budgets and emissions reduction plans.

Emissions budgets set a limit on the amount of greenhouse gas emissions allowed across a five-year period (or, in the case of the first budget, a four-year period). These budgets must put us on a path to meeting the targets. The reductions required must also be technologically achievable, economically viable and socially acceptable.

Emissions reduction plans set out the policies and strategies for achieving emissions budgets. A new plan must be published before each budget period, and can also look out to the next two budget periods.

This plan requires collective action and must be plan for all New Zealanders. This discussion document describes existing actions we have committed to and sets out new proposed actions to further reduce our emissions. We need your feedback on these actions to determine the impacts they will have, and how we can successfully achieve net zero together.

Figure 1: The Climate Change Response Act sets out tools for the transition (the Zero Carbon Framework)



The Government has made in-principle decisions on emissions budgets

On 31 May 2021, the Climate Change Commission provided the Government with advice on the first three emissions budgets (2022–25, 2026–30, 2031–35). The Commission's recommended emissions budgets are set out in table 1 below.

Table 1: The Commission's recommended budgets for 2022–25, 2026–30, 2031–35 (Mt CO₂e)¹

Budget period	2022–25	2026–30	2031–35
All gases, net (AR5) ²	290	312	253
Annual average	72.4	62.4	50.6

The Commission undertook extensive analysis and consultation and considers its recommended emissions budgets strike the right balance between ambition and achievability.

The Government proposes to broadly accept the Commission's advice on emissions budgets with modifications to take account of new developments since the release of the Commission's final report on 31 May 2021. In particular, a case can be made for revising the Commission's recommended budgets to recognise the changes in projected forestry emissions resulting from the latest Afforestation and Deforestation Intentions Survey.³

The survey identified an overall intention for landowners and forest managers to increase afforestation and decrease deforestation. These results were not available to the Commission when it prepared its final advice to Government.

Emissions from the forestry sector are now projected to rise in the first emissions budget period by about 2 MtCO₂e due to initial carbon emissions from changing land use and planting new forests. However, the carbon gradually absorbed by new forests as they grow will soon start to outpace the initial release of carbon dioxide from expanded forest planting. As a result, emissions are now projected to be about 5 MtCO₂e lower in the second emissions budget period and 11 MtCO₂e lower in the third emissions budget period.

The combined effect of factoring the new information from the latest forestry intentions survey over the three emission budgets periods is to reduce projected emissions by a total of 14 MtCO₂e.

The Government has made an agreement in principle to set emissions budgets that reflect these changed forest emissions projections, as set out in table 2 below.

Table 2: The Government's proposed budgets for 2022–25, 2026–30, 2031–35 (Mt CO₂e)

Budget period	2022–25	2026–30	2031–35
All gases, net (AR5) ²	292	307	242
Annual average	73.0	61.4	48.4

Final decisions on emission budgets will be made after this consultation has closed.

¹ Megatonnes (million tonnes) carbon dioxide equivalent.

² The Commission's recommended emissions budgets are based on GWP₁₀₀ (global warming potential over 100 years) metric values from the Intergovernmental Panel on Climate Change's (IPCC) *Fifth Assessment Report* (AR5).

³ Ministry for Primary Industries. 2021. *Afforestation and deforestation intentions survey 2020*. Wellington: Ministry for Primary Industries.

Legal responsibility for setting emissions budgets rests with the Minister of Climate Change and must follow the requirements set out in the CCRA.

Meeting the proposed emissions budgets

To meet our proposed budgets and our 2050 target, we need to build on existing policies and measures across the economy.

Meeting the first proposed emissions budget for 2022–25 is currently estimated by officials⁴ to require an additional reduction of 7.7⁵ Mt CO₂e compared to how emissions are tracking under current policy settings, including measures already in place under the Government's Climate Action Plan.

We have quantified preliminary estimates of the potential impacts of several policies proposed for inclusion in the emissions reduction plan, shown for transport, energy and industrial process sectors in Table 3 below. This shows that new and proposed measures are currently estimated to achieve abatement of between 2.6 and 5.6 Mt CO₂e and means that there is currently a gap between the estimated impact of policies quantified to date and the first emissions budget.

However, we are working to address this gap. This discussion document sets out a number of proposals (many of which have not yet been quantified) to support achievement of our first emissions budget and seeks your views on additional policies which could help close the gap. The final emissions reduction plan will be supported by updated estimates of the emissions reduction impact of policies.

Government policy will not, by itself, meet the full extent of any given emissions budget. Therefore, we are also seeking proposals and commitments from the private sector, in particular, that they are willing to make, as well as what support they need from Government in order to be able to make those commitments.

Table 3: Modelled emissions reduction estimates from new and proposed policies to help meet the proposed budget for 2022–25 (Mt CO₂e)

	Low policy impact	High policy impact
Transport	0.7	1.3
Energy and industry	1.5	3.3
Waste	0.1	0.3
F-gases	0.2	0.7
Total	2.6	5.6
Gap between current estimates of policy impacts and emissions reductions required to meet first emissions budget	5.1	2.1

Note: A number of uncertain factors will influence reductions. The ranges here represent lower and upper bounds, although these could be crossed. Some impact estimates are provisional or unavailable. The uncertainty varies and should be considered high.

⁴ The officials' estimates discussed in this section were calculated using the current GWP₁₀₀ metric values from the Intergovernmental Panel on Climate Change's (IPCC) *Fourth Assessment Report* (AR4.)

⁵ This figure is officials' current best estimate based on latest projections and other information, including assuming the Marsden Point oil refinery converts to an import-only terminal as expected around mid-2022, assuming final board approval of the August 2021 shareholders vote to convert the oil refinery to an import-only fuel terminal.

Many of the policies and strategies to be included in the emissions reduction plan will depend on future funding decisions. Additional emissions reduction policies will be developed as new opportunities arise.

Managing risk and uncertainty

The Government can review and amend the plan during its lifetime, enhancing or adding policies to further close the gap and manage uncertainties and risks in meeting current or future budgets. Further public consultation will play an important role to ensure this continues to be a plan for all New Zealanders. The Commission also has a formal role in monitoring progress.

There are a number of risks and uncertainties that could impact the Government's ability to meet the proposed budgets once these have been set.

Many relate to measurement and baselines. Estimates of historic, current and future emissions are frequently revised. Projections of expected emissions and emissions reductions are uncertain, subject to revision, and based on a number of other critical assumptions including economic conditions, rainfall in the hydro catchments and the actual timing of the expected closures of major emitting operations, such as the Tiwai aluminium smelter in 2024 and the Marsden Point oil refinery in 2022.⁶

There are risks and uncertainties around the pace of technological uptake, the extent of behaviour change, and the effectiveness of policy in influencing these shifts in technology and behaviour. A positive and proactive response from leading businesses and investors, supportive public attitudes and shifts in consumer preferences could all accelerate the low-emissions transition.

Many of the proposals we are seeking your feedback on in this consultation will need further assessment for effectiveness, value for money and implications for other Government priorities. As new technologies and concepts for emissions reductions emerge, there will also be opportunities to develop new policies to support their uptake.

First emissions reduction plan will be published in May 2022

Work is underway on the first emissions reduction plan. This will be a plan for all New Zealanders and will require action across the economy and all sectors of society. This plan will outline how Aotearoa will reach its first proposed budget and put us on the path to meet our second and third.

Subsequent plans will continue to build on action being taken. More will need to be done to meet the second and third budgets.

While all sectors will need to make concerted efforts to reduce emissions, there are likely to be more emissions reductions in the transport, energy and industry sectors in the first budget period. This is where the most efficient and cost-effective reductions can be made in a short period of time.

⁶ On August 2021, the shareholders of Refining NZ voted to convert the oil refinery at Marsden Point to an import-only fuel terminal from around mid-2022, subject now only to final board approval. This change is anticipated to reduce emissions by around 2.5 Mt CO₂e in the first budget period.

The first emissions reduction plan will also set in place a number of longer-term actions that won't produce significant emissions reductions in the first budget period but will be crucial for achieving emissions budgets two and three.

This plan will also be communicated to the United Nations Framework Convention on Climate Change as our long-term, low-emissions development strategy.⁷

We all have a role to play

This plan will require all New Zealanders to work together to achieve a low-emissions future, where we know our roles and can act together to maximise opportunities.

The Government will provide leadership by setting emissions budgets, and preparing and delivering on the plan. This leadership will send strong signals to Aotearoa businesses, industry and households, and remove barriers to action. Government will pull all available policy levers – emissions pricing and other incentives (for example, the Clean Car Discount), targeted regulation, direct investment in innovation and infrastructure and technology change, and tailored sectoral policy packages to drive and support the change required.

However, strong policies alone will not be enough to spur the level of investment, innovation and behaviour change required. Strong commitment and drive from businesses and community leaders, in particular iwi, hapū and local government leaders, is critical to our success in meeting the challenge of climate change. The plan needs to create the right environment and space for business to act. New business models are required, and public attitudes and consumer preferences need to shift to support them. We need to see new approaches to how we power our economy and our lifestyles, how we build our cities, and how we move around them. We all need to create a stronger sense of national purpose to help mobilise these wider responses.

Enabling private sector climate action

Private sector leadership and action is vital for Aotearoa to successfully achieve our low-emissions future. Its many levers – from investment and its power to influence and inform, through to climate change reporting and risk management, and the innovation and agility it can offer – will be required to help achieve this change and influence our shared ambition.

Throughout this document we seek your views about how we can enable business to act, including:

- how low-emissions actions and business models could be encouraged
- barriers that could be removed
- the role the private sector could play and how we can work together.

⁷ [Paris Agreement](#), Article 4, paragraph 19. This outlines that all parties to the Paris Agreement should strive to formulate and communicate long-term low greenhouse gas emission development strategies, mindful of Article 2 and taking into account their common but differentiated responsibilities and respective capabilities, in light of different national circumstances.

We would like to hear from you

The transition will impact all sectors of the economy. We need widespread acceptance and support for the plan for it to be successful. We also need ambitious new policies to achieve the proposed emissions budgets.

The Commission consulted in February–April 2021 on emissions budgets and the policy direction of the plan. However, the Commission did not consult on all the steps the Government needs to take in the design of these measures.

This discussion document gives more detailed information on the **new strategies and policies that the Government may include in the plan**. Decisions are still to be made on these, which is why understanding your views is important. Many are also dependent on future funding decisions, including decisions to be made in future Budgets and how policies will be implemented. The following table sets out the areas where we seek your feedback.

Table 4: New strategies and policies that we seek your feedback on

Overall strategy	<ul style="list-style-type: none"> Principles to inform the strategy.
Working with our Tiriti partners	<ul style="list-style-type: none"> Developing a strategy to embed Te Tiriti o Waitangi (Treaty of Waitangi) principles in future emissions reduction plans. Working together, Government and iwi/Māori designing a number of national-level strategies, including a National Energy Strategy, Circular Economy Strategy, Bioeconomy Strategy, National Low-emission Freight Strategy, Industry plans and policies to decarbonise the industrial sector, and a Building Transformation Plan. Supporting Māori to create a transition strategy that responds to the particular priorities and needs of the Māori economy and Māori people.
Making an equitable transition	<ul style="list-style-type: none"> Developing an Equitable Transitions Strategy to drive a well-signalled and inclusive transition, which maximises opportunities and minimises disruption and inequities. Developing measures to support firms and households to understand and reduce their emissions footprint. Promoting business and job opportunities in low-emissions sectors. Supporting workers, households and communities to understand, plan and manage the transition. Developing measures to better monitor and respond to the impacts of the transition.
Government accountability and coordination	<ul style="list-style-type: none"> Improved coordination and monitoring across Government in order to implement the emissions reduction plan and respond to the climate emergency.
Funding and finance	<ul style="list-style-type: none"> No additional policies. Note: The emissions reduction plan will reflect the work currently underway, including aligning and mobilising public finance.
Emissions pricing	<ul style="list-style-type: none"> Encouraging gross emission reductions through the New Zealand Emissions Trading Scheme (NZ ETS). Improving market governance.* Reviewing free industrial allocation.*
Planning	<ul style="list-style-type: none"> Integrating emissions reduction into land-use planning and investments as part of the resource management reforms currently underway. Integrating emissions into urban planning and funding.
Research, science and innovation	<ul style="list-style-type: none"> Setting research priorities through the Ministry of Business, Innovation and Employment's (MBIE's) Future Pathways programme. Exploring ways to foster start-ups, including those that address environmental challenges such as emissions reductions. Developing a mission-oriented innovation approach to climate change (for example, through innovative partnerships for clean technology, advanced technology research and development, and supporting the uptake of emerging technologies).
Behaviour change	<ul style="list-style-type: none"> Establishing a fund to drive behaviour change.

Circular and bioeconomy	<ul style="list-style-type: none"> • Developing a strategy for moving to a circular economy with a thriving bioeconomy, which outlines the vision, guiding principles, roadmap and the Government's role. • Developing a circular sustainable development pilot fund to support business, communities and iwi to further move to a circular economy. • Developing further science and innovation support for the circular economy, including start-up support, innovation infrastructure and capability, and exploring mission-led innovation. • Accelerating the uptake of bioenergy through further supporting market facilitation of bioenergy. • Building knowledge and education on circular economy. Identifying skill needs and training options.
Transport	<ul style="list-style-type: none"> • Introducing four transport targets: <ul style="list-style-type: none"> – reduce vehicle kilometres travelled (VKT) by cars and light vehicles by 20 per cent by 2035 through providing better travel options, particularly in our largest cities – increase zero-emissions vehicles to 30 per cent of the light fleet by 2035 – reduce emissions from freight transport by 25 per cent by 2035 – reduce the emissions intensity of transport fuel by 15 per cent by 2035. • Integrating land use, urban development and transport planning and investments to reduce transport emissions. • Implementing mode-shift plans for our largest cities and begin planning for other urban areas. • Improving the reach, frequency and quality of public transport. • Providing national direction to deliver a step-change in cycling and walking rates. • Supporting local government to accelerate widespread street/road reallocation to support public transport, active travel and placemaking. • Making school travel greener and healthier. • Improving access and travel choice for the transport disadvantaged. • Reducing public transport fares. • Investigating the potential for public transport, walking and cycling in rural and provincial areas. • Enabling congestion pricing and investigate how we can use other pricing tools to reduce transport emissions. • Ensuring further investment in additional highway and road capacity for light private vehicles is consistent with climate change targets. • Implementing community-based solutions to make low-emission vehicles (including e-bikes) more accessible for low-income New Zealanders and others facing transport disadvantage. • Introducing measures to avoid Aotearoa becoming a dumping ground for high-emitting vehicles rejected by other countries. • Setting a maximum CO₂ limit for individual light ICE vehicle imports to tackle the highest emitting vehicles. • Investigating how the tax system should be used to avoid disadvantaging clean transport options. • Introducing a vehicle scrappage scheme to support low-income New Zealanders shift to low-emissions transport. • Partnering on solutions to supply constraints for low-emissions vehicles. • Determining whether there are legislative barriers to the use of some types of low-emission vehicles. • Accelerating the decarbonisation of trucks. • Developing a Freight and Supply Chain Strategy. • Implementing the New Zealand Rail Plan and investigate options to encourage greater use of coastal shipping. • Investigating ways to reduce aviation and maritime emissions. • Introducing a sustainable biofuels mandate. • Producing a national electric vehicle (EV) infrastructure plan.

Energy and industry	<ul style="list-style-type: none"> • Developing an energy strategy. • Setting a renewable energy target. • Setting outcomes and an approach to developing a plan for managing the phase out of fossil gas in the energy system. • Developing a plan to decarbonise the industrial sector. • Identifying the level of support the Government could provide for the development of low-emissions fuels, such as bioenergy and hydrogen, to support decarbonisation of industrial heat, electricity and transport. • Supporting the regulatory environment for electricity distribution.* • Developing a hydrogen roadmap.* • Developing national direction for industrial greenhouse gases under the Resource Management Act 1991, including a ban on coal boilers.* • Updating the energy efficiency product regulation system.*
Building and construction	<ul style="list-style-type: none"> • Reducing fossil gas use in buildings, including capping the emissions from buildings while allowing flexibility for potential low-emissions alternatives. • Setting a date to end the expansion of fossil gas pipeline infrastructure and eliminate fossil gas in all buildings as recommended by the Climate Change Commission. • Investigating a potential mandatory energy performance certificate or programme for commercial and public buildings. • Exploring a range of actions to lower emissions from buildings, and across all building processes (for example, design, planning, construction and deconstruction). • Addressing fossil fuel usage for boilers used for space and water heating in commercial buildings. • Investigating potential behaviour change programmes and other ways to encourage market (supply and demand) changes that support and enable lower building-related emissions.
Waste	<ul style="list-style-type: none"> • Reducing organic waste material <ul style="list-style-type: none"> – reduce food waste – reduce waste from construction and demolition – identify options for treated wood (reduction, diversion and disposal) – other reduction opportunities. • Reducing organic waste disposal to landfill. <ul style="list-style-type: none"> – food waste and green waste collection – businesses to separate food and green waste – identifying opportunities to divert households' and businesses' organic waste to be used for other purposes such as compost or biofuel feedstocks – better paper and cardboard recycling – transfer stations to prioritise recovery alongside new and expanded materials recovery facilities. • Reducing emissions from organic waste <ul style="list-style-type: none"> – gas capture at landfills – fast-tracking a waste data and licensing system.
F-gases	<ul style="list-style-type: none"> • Planning for combined emissions reductions from heating and cooling. • Extending the phasedown of hydrofluorocarbons (HFCs). • Regulating the import or sale of high-global warming refrigerants where alternatives are available.
Agriculture	<ul style="list-style-type: none"> • Accelerating the development of mitigations through a research and development plan. • Improving the delivery of extension services.
Forestry	<ul style="list-style-type: none"> • Determining the role of forestry in the New Zealand Emissions Trading Scheme (NZ ETS). • Establishing a long-term carbon sink. • Managing existing forests. • Working with Māori to develop and implement forestry policies.

*These actions are subject to separate consultation.

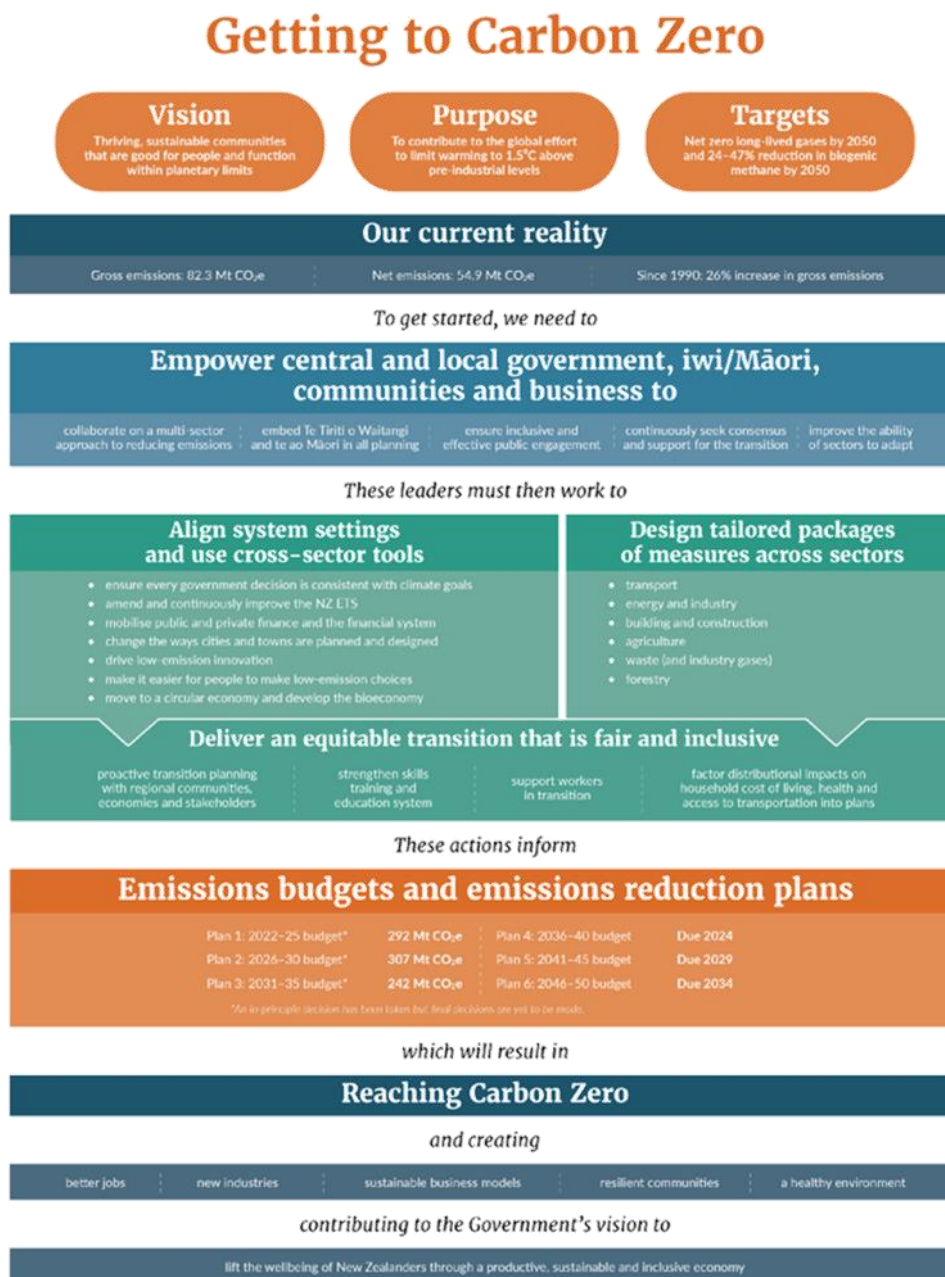
A comprehensive multi-sector strategy will help us move to the 2050 target and improve broader wellbeing

A successful transition requires both short- and long-term actions, covering every sector of the economy and society, and meeting all the requirements of the CCRA.

Individuals, households and businesses must come on board to make the necessary changes and adopt new ways of doing things. But government policy settings are critical to make sure the transition happens, and in a cost-effective way.

Figure 2 shows our multi-sector strategy to achieve carbon zero.

Figure 2: Aotearoa New Zealand's pathway to Carbon Zero



Meeting the net-zero challenge

SUMMARY

This section outlines the key components of our strategy to transition Aotearoa New Zealand to a low-emissions and climate-resilient future. It sets out the pathway to meeting our emissions budgets, how we will work with our Te Tiriti o Waitangi (Treaty of Waitangi) partners and ensure the transition is equitable.

The emissions reduction plan will cover every sector of the economy and society, and will drive the longer term transition.

The first plan will set out the policies and strategies for meeting the first budget for 2022–25.⁸ It will also set the measures to meet the second and third budgets, including the urgent policies that must be in place before 2025.⁹

We seek your feedback on:

- principles guiding the transition
- how the Crown can work better with Māori in responding to climate change
- how to develop an equitable transition strategy.

Transition pathway

A vision for a productive, sustainable and inclusive Aotearoa

Transitioning to a low-emissions and climate-resilient future provides an opportunity for Aotearoa to transform our economy and bring long-term benefits.

The emissions reduction plan will enhance the wellbeing of our people and regional economies, while fostering industry, innovation and investment.

The plan aims to support nature-based solutions that are good for both the climate and biodiversity.

Reducing emissions is crucial to achieve the vision for 2050: a productive, sustainable and inclusive economy where:

- economic activity is nature-enhancing, carbon neutral and climate resilient
- energy and transport systems are accessible, affordable and sustainable
- production systems are regenerative, providing a way to innovate and invest to meet future challenges
- every household can meet its material needs, in turn reducing child poverty
- Te Tiriti partners work together to realise mutually beneficial economic opportunities and respective kaitiaki obligations
- our natural environment is thriving
- every New Zealander has a safe, warm, dry and affordable home.

⁸ Section 52G of the Climate Change Response Act 2002.

⁹ Section 52G of the Climate Change Response Act 2002.

We want to use our unique strengths to overcome some of the world's biggest challenges. We aim to create new activities and jobs that are more knowledge intensive and enhance the environment.

Key elements include:

- A circular economy – designing out waste and pollution, keeping products and materials in use, and regenerating natural systems.
- Science and innovation – Aotearoa being a world-class generator of ideas and solutions.
- Skills and knowledge – helping people acquire the new skills they need to drive and adapt to change.

Principles for the transition

The following table sets out the principles that will guide the Government's decisions.

Table 5: Guiding principles for Government decisions on the emissions reduction plan

A fair, equitable and inclusive transition	<ul style="list-style-type: none"> • recognise and foster opportunities for affected regions, communities, employees, employers, and iwi and Māori, to reduce emissions in ways that work best for them • incorporate te ao Māori in transition planning • minimise and avoid the negative impacts, and social and environmental risks, of the transition and specific policies, including avoiding: <ul style="list-style-type: none"> – exacerbating existing inequities – penalising early movers – compounding historic grievances with iwi/Māori – leaving too much of a burden for future generations – exacerbating environmental issues.
An evidence-based approach	<ul style="list-style-type: none"> • draw on a range of sources including (but not limited to) the Intergovernmental Panel on Climate Change (IPCC), and mātauranga Māori • ensure emissions reductions are developed using the most up-to-date science and take into account our domestic context and international commitments.
Environmental and social benefits beyond emissions reductions	<ul style="list-style-type: none"> • promote nature-based solutions, which can sequester carbon while building resilience to climate change impacts and supporting biodiversity • consider wider benefits as a reason to act – such as building resilience, and broader social, health, economic, environmental and cultural benefits.
Upholding Te Tiriti o Waitangi	<ul style="list-style-type: none"> • strengthen the partnership approach and actively supporting iwi/Māori with this effort • apply Māori values and mātauranga Māori to the transition • involve a variety of Māori voices in the design and development of the transition.
A clear, ambitious and affordable path	<ul style="list-style-type: none"> • make predictable and stable policies, which are communicated early and clearly so that households, businesses, investors and industry can make investment choices • design effective policies that recognise the connections and flow-on effects within systems • use commercially available, low-emissions technology now, while fostering ambition, knowledge and innovation • acknowledge uncertainty and consider options that can adapt over time.

Having the right mix of actions

International best practice supports a coherent strategic package, comprising a mutually supportive and balanced mix of emissions pricing, well-targeted regulation, tailored sectoral policies and direct investment.

This includes:

- An effective emissions price through a strengthened New Zealand Emissions Trading Scheme (NZ ETS). Emissions pricing through the NZ ETS provides an economy-wide financial incentive to reduce emissions. This helps lower the overall economic cost of achieving emissions reductions and leads to emissions reductions from sources that targeted policies might not otherwise reach. The expectation of a rising future emissions price path informs private investment decisions and aligns these better with a future low-carbon economy, influencing technology choices and the direction of future economic development.
- Policy measures that work strategically alongside the NZ ETS price, such as well-targeted regulation and additional measures to remove other barriers. Emissions pricing alone fails to achieve many low-cost emissions reductions opportunities, because real-world investment decisions in our economy and society do not always consider total lifetime costs. Targeted policies are also important to drive early adoption, market acceptance and learning by doing. This lowers the overall costs of economy-wide investment in new or niche technologies as they become needed on a wider scale in the future. These policies do not substitute for the NZ ETS price; they work with it, and take the NZ ETS price into account in their design.
- Mechanisms for public and private investment in innovation and infrastructure for long-term transition. Innovation and low-emissions infrastructure are essential elements of the long-term decarbonisation transformation and will require short-term investment for long-term results.
- Helping nature to thrive and supporting the wellbeing of communities and people.

Emissions reductions and forestry removals are both important in meeting Aotearoa New Zealand's "net" emissions targets

Decarbonising our economy is important if Aotearoa is to keep pace with – and seize the market opportunities from – the global technology transition in energy, transport and industry. Emissions reductions are also critical if we are to avoid shifting this responsibility to our children and future generations, and the ongoing need for land to be converted into forestry in the future to maintain net-zero emissions.

At the same time, even with strong reductions in emissions, there is a critical ongoing role for forestry removals: to offset remaining emissions in hard-to-abate sectors, as the feedstock for a future bioeconomy, and to enable flexibility in our transition path. Our large potential for low-cost forestry planting reduces the cost of meeting net emissions targets, but should not slow the rate of emission reductions.

Investment

Meeting our emissions budgets will require significant, sustained investment from the Government and throughout the private sector. An important focus of the emissions reduction plan will be to support the flow of private investment towards climate-positive outcomes and the growth of the green finance market. The [Funding and financing](#) section expands on this.

New sustainable investment brings with it other benefits: enhancing innovation and productivity with new technology, and generating new economic activity. And because investment in low-emissions technology tends to reduce waste and increase efficiency, operating costs are generally lower, offsetting the capital investment to reduce lifetime costs and often providing a rapid payback.

The economy will continue to grow as we make the transition, and the sooner we act, the better the economic outcomes. The Climate Change Commission modelled the long-term impact of making all the changes required to follow their pathway to the 2050 target. This estimated an overall reduction of gross domestic product (GDP) in 2050 of around 1.2 per cent.¹⁰ The Commission also modelled a scenario where key actions were delayed (for example, the move to electric vehicles (EVs) and more efficient farm practices). This resulted in GDP in 2050 falling by around 2.3 per cent.

Aligning the transition with other priorities

The scale of the change is an opportunity to address other long-standing challenges in Aotearoa. We must integrate the reduction measures with strategies for industry, infrastructure, housing and urban development; fiscal management; and plans for building resilience to the physical effects of climate change.

We are at a critical moment in time. COVID-19 has highlighted the need for a continued focus on wellbeing as the headline indicator for success, and for strengthening how we tackle the long-term challenges that hold back our economy and affect our communities, such as climate change.

The plan will need to achieve a balance of creating sufficient certainty while maintaining flexibility for future decision-makers, as things change over time.

Our unique and precious wildlife is under threat from a range of pressures, including climate change. We need to address the climate crisis in a way that also helps address the biodiversity crisis. There is an opportunity to help our indigenous ecosystems thrive in a way that sequesters carbon and builds resilience to the impacts of climate change.

We also face other persistent challenges, such as low productivity, investment and innovation, and intergenerational disadvantage and inequality. Our response to COVID-19 and the climate emergency together can shape our international role, and turn challenges into opportunities.

QUESTIONS

1. Do you agree that the emissions reduction plan should be guided by a set of principles? If so, are the five principles set out above the correct ones? Please explain why or why not.
2. How can we enable further private sector action to reduce emissions and help achieve a productive, sustainable and inclusive economy? In particular, what key barriers could we remove to support decarbonisation?
3. In addition to the actions already committed to and the proposed actions in this document, what further measures could be used to help close the gap?

¹⁰ The Commission's economic modelling estimated that GDP would grow to about \$386 billion by 2035 and \$481 billion by 2050 while meeting its recommended emissions budgets through the demonstration path. Under current policy settings (which are not on track to meet the recommended emissions budgets), GDP was estimated to grow to \$388 billion by 2035 and \$487 billion by 2050.

QUESTIONS

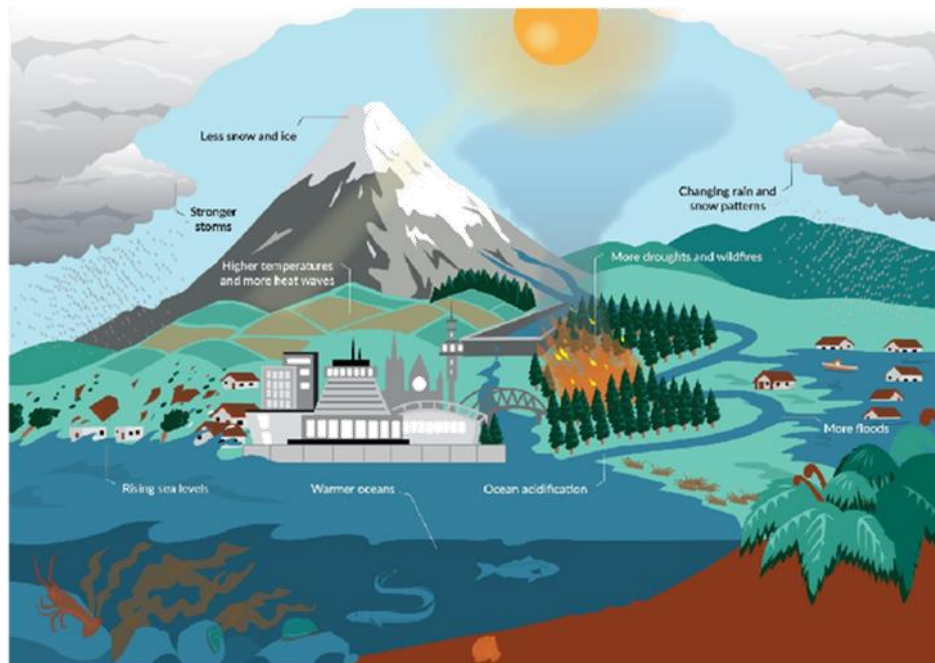
4. How can the emissions reduction plan promote nature-based solutions that are good for both climate and biodiversity?
5. Are there any other views you wish to share in relation to the Transition Pathway?

Helping sectors adapt

Building resilience

Our climate is warming, sea levels are rising, and extreme weather is becoming more frequent and severe. The climate we will experience in 2050 and 2100 will be different from today, because of previous global emissions of greenhouse gases. It will also be shaped by future emissions pathways. Figure 3 shows the expected effects.

Figure 3: Projected impact of climate change on Aotearoa



In August 2020 the Government released the first [National Climate Change Risk Assessment](#) (the risk assessment). This presented the first national picture of the risks Aotearoa faces.

It identified 43 priority risks, covering all aspects of life, from our ecosystems and communities to buildings and the financial system. It highlighted the 10 most significant risks requiring urgent action in the next six years to reduce their impact.

The assessment lays the foundation for a National Adaptation Plan, outlining how the Government will address the risks. This is due to be published in August 2022.

Building resilience and mitigating the risks

Emissions can be reduced in ways that increase our resilience or, if we're not careful, in ways that increase the impact of the risks of climate change. Nature-based solutions such as supporting native bush to regenerate can help sequester emissions and build resilience to the impacts of climate change.

Below is an overview of some of the risks that sectors will need to manage as they reduce their emissions. The National Adaptation Plan, which will be publicly consulted on in 2022, will set out the actions to do this.

Key climate change risks to address in each sector

Transport: As we implement the emissions reduction plan, we will need to consider how we reduce the risk of stranded assets and sub-optimal investment. Our networks and corridors may need to be reprioritised to manage and respond to the impact of climate change. For example, existing road and rail infrastructure may become vulnerable to the adverse impacts of a changing climate and we may need to choose between continued use or providing alternative transport solutions. We will also need to consider how new or improved infrastructure and services best support reducing transport emissions. Vehicle changes, such as heavier electric buses and trucks, will affect how our roads are constructed, and require new fuel and charging infrastructure. Our communities will be impacted by the changes needed to reduce transport emissions and we must support them to ensure that transport inequities are addressed.

Energy and industry: Key risks relate to the impacts of climate change on electricity transmission and distribution infrastructure. As we increase electrification of transport, process heat and industry, we will need to consider the increased pressure on electricity infrastructure. The risk assessment highlighted the need for more research to inform adaptation action, and to speed up current measures. Work is underway to address transmission and distribution network innovation.

Building and construction: To build for climate change we must put the right structures in the right places. We must not compromise a building's ability to adapt to the effects of climate change as we reduce emissions. For example, a site that may face certain climate hazards (for example, wind, storms, drought, flooding, wildfire) may require a different building design and materials. This could have an emissions impact compared to a similar building exposed to different hazards. Building for climate change also requires a focus on reducing emissions, noting that some adaptation can support mitigation and vice versa.

Agriculture: The primary sector faces risks from extreme events and ongoing gradual changes, such as more frequent extreme weather (drought, flooding), changes in mean annual rainfall, sea-level rise and higher average temperatures. These changes may affect the productivity and profitability of some parts of the sector. Aotearoa agriculture has relatively high adaptive capacity, but this differs between farms, locations and sectors. The sector is dynamic, and adaptation may mean shifts between production types and locations, so that in the longer term it may look quite different from today.

Waste: Landfills and contaminated sites carry risks. Active and closed landfills and contaminated sites are at risk from extreme weather and sea-level rise, as well as coastal and inland flooding, erosion and rising groundwater.

Forestry: Afforestation and forest management could help mitigate the impacts of some risks identified in the assessment. These include extreme weather events, drought, erosion and changes in long-term composition of native forest ecosystems. Our forests can also provide opportunities to adapt to a changing climate. For example, they reduce erosion, landslips and flooding, which makes production systems and communities more resilient, and they offer shade for stock.

QUESTIONS

6. Which actions to reduce emissions can also best improve our ability to adapt to the effects of climate change?
7. Which actions to reduce emissions could increase future risks and impacts of climate change, and therefore need to be avoided?

Working with our Tiriti partners

The CCRA recognises the Government's responsibility to give effect to the principles of Te Tiriti o Waitangi (Treaty of Waitangi). The CCRA requires the emissions reduction plan to include a strategy to recognise and mitigate the impacts on iwi and Māori, and that iwi and Māori are adequately consulted on these plans.

Through the Climate Change Commission's advice and our own Māori engagement, we have heard that the transformational changes required are more likely to succeed if there is a strong role for Māori that is consistent with Te Tiriti. This acknowledges that much can be achieved if Te Tiriti partners are enabled to work together and individually in a way that respects kāwanatanga (the right for Government to govern) and rangatiratanga (the right for Māori to make decisions for Māori).

Potential measures

We have already taken some actions and are developing others that will influence our low-emission pathways and partnership with Māori, including reforming our resource management system, creating local government climate strategies and some necessary policy and funding work. However, the Commission has suggested some specific ways to provide a comprehensive role for Māori in future emissions-reduction planning and decisions. This consultation seeks to better understand Māori perspectives on these recommendations and how they might be implemented.

Upholding the principles of Te Tiriti

The Commission recommends making the Government's actions for emission reductions accountable to Māori, through a strategy to embed Te Tiriti principles in future emission reduction plans. The strategy would include outcomes, milestones and monitoring. We are considering the next steps and resourcing required to implement this within the suggested timeframes and context of other emission reduction actions.

Making change in partnership

To guide our transition, the Commission has recommended that the Government and iwi/Māori design many national-level strategies together.

These include:

1. a National Energy Strategy
2. a Circular Economy Strategy
3. a Bioeconomy Strategy

4. a National Low-emission Freight Strategy
5. industry plans and policies to decarbonise the industrial sector
6. a Building Transformation Plan

The Commission has also suggested that an equitable transition for Māori can be enabled by the creation of a mechanism that helps to integrate Te Tiriti partnerships more consistently across climate-related evidence and policy processes. This recommendation entails planning, alignment and engagement to develop and potentially implement over the coming years.

A Māori-led transition

To ensure a Māori-led approach to the transition, the Commission has recommended that Māori and Government partner to create a strategy that responds to the particular experiences and needs of the Māori economy and Māori. This strategy should support Māori to take climate action, reduce emissions and prepare for a future in Aotearoa that will be both low emission and climate impacted. This work is separate to but could complement the Equitable Transition Strategy also recommended by the Commission.

The Commission advises that one of the first steps of the strategy should be for Government to support iwi/hapū and other Māori collectives to develop emission profiles. We would like to further understand how a profile could benefit Māori and what kinds of information would help Māori to understand and manage emissions and removals, particularly for groups and organisations that are not land owners or whose rohe/takiwā is urbanised.

QUESTIONS

8. The Climate Change Commission has recommended that the Government and iwi/Māori partner on a series of national plans and strategies to decarbonise our economy. Which, if any, of the strategies listed are a particular priority for your whānau, hapū or iwi and why is this?
9. What actions should a Māori-led transition strategy prioritise? What impact do you think these actions will have for Māori generally or for our emission reduction targets? What impact will these actions have for you?
10. What would help your whānau, community, Māori collective or business to participate in the development of the strategy?
11. What information would your Māori collective, community or business like to capture in an emissions profile? Could this information support emissions reductions at a whānau level?
12. Reflecting on the Commission's recommendation for a mechanism that would build strong Te Tiriti partnerships, what existing models of partnership are you aware of that have resulted in good outcomes for Māori? Why were they effective?

Making an equitable transition

Why an equitable transition matters

The Government is committed to a transition that reaches our targets, while minimising disruption, and seizing the opportunities the transition will bring.

Our economy and society will look very different in 2050. Moving to this future will require a range of changes. Many businesses will need to adopt new technology and ways of working, and some workers will need new skills. Changes will affect some communities, regions and households more than others.

We want to prepare communities, households and businesses with the tools to plan for and manage the transition. At the same time, we need to take the opportunities from the transition, and share the benefits.

Our vision is to shift to a high-value, resilient economy that creates a healthy environment and wellbeing for all.

Achieving this future will require:

1. Driving ambitious action while also allowing communities, households and businesses time to prepare and take steps to reduce their emissions.
2. Enabling iwi/Māori to drive our transition so that climate change mitigation does not perpetuate existing disadvantages.
3. Encouraging households and individuals to make investments and behavioural changes that reduce their emissions footprint; and ensuring any cost increases do not disproportionately burden those with limited capacity to respond.
4. Helping workers develop skills for quality, low-emissions employment. Where demand for certain skills declines, giving workers access to training and supporting a smooth transition into new jobs.
5. Supporting businesses to lower emissions, and those in low-emissions sectors to grow.
6. Clearly signalling the low-emissions pathway, and encouraging innovation and the uptake of new technology.
7. Empowering urban and rural regions and communities to transition in line with local objectives and aspirations.

How we plan to achieve an equitable transition

For a fair, inclusive and equitable transition, we will focus on four areas:

- *Reducing risks for firms and households.* The more successfully firms and households reduce their emissions footprint, the less vulnerable they will be to negative impacts from the transition.
- *Promoting business and job opportunities.* New opportunities will arise from the transition, and the demand for some emissions-intensive activities will drop. 'Transition-aligned' growth will help ease the shift and offer benefits for disrupted communities and workers.
- *Supporting workers, households and communities through the transition.* There will be an increasing need to help workers into new jobs or industries, as the demand for skills changes. These changes may be more concentrated in particular regions and communities.
- *Monitoring impacts and responding as they emerge.* We will closely watch impacts to avoid creating inequities or disadvantaging groups with limited capacity to respond.

What we are doing now

Existing measures to support communities, households and businesses to successfully transition include:

- helping businesses improve energy efficiency and switch to lower emissions fuels, including through the \$70 million [Government Investment in Decarbonising Industry \(GIDI\) fund](#) and the Energy Efficiency and Conservation Authority's (EECA's) business support schemes
- supporting small businesses through the [Sustainable Business Network Climate Action Toolbox](#), developed with private and public sector partners
- funding insulation and heating for households through [Warmer Kiwi Homes](#), and setting [Minimum Energy Performance Standards](#) for products
- creating low-emissions jobs, markets and business opportunities through **resource recovery**
- establishing **Regional Public Service Leads** to promote the needs of regions and better organise the public service towards community needs
- establishing an **equitable transition partnerships team** to help communities understand, plan and manage their transition
- **research projects** to better understand the likely impacts of the transition on workers, businesses, regions and the Māori economy
- strengthening the **welfare, employment support and education systems** to help people adapt to a low-emissions future
- supporting nature-based employment through our \$1.2 billion Jobs for Nature programme.

Potential measures

The Commission's key recommendation is to develop an **equitable transitions strategy** in the first budget period. This would drive a well-signalled and inclusive transition, which maximises opportunities and minimises disruption and inequities.

The Commission recommends that the strategy should address the following objectives:

- partnering with iwi/Māori
- proactive transition planning
- strengthening the responsiveness of the education system
- supporting workers in transition
- minimising unequal impacts in all new policies.

Developing this over the coming years will allow time to:

- better understand the likely impacts and opportunities
- work with Māori and other affected groups to remove barriers and maximise opportunities
- decide how best to manage negative effects.

The Government agrees with the need for a comprehensive equitable transitions strategy and seeks your feedback on the key objectives for the strategy and on the models and approaches that should be used in developing the strategy.

Reducing risks for firms and households

We will work with industry and communities to minimise the cost of the transition for firms and lower income households. During the first budget period, we will consider:

1. helping emissions-intensive businesses, or those more vulnerable to negative impacts, move to new operating models and adopt new technology
2. working with businesses to identify barriers to reducing their emissions profile, particularly those businesses with more limited capacity to respond to transitional change
3. providing clear information on likely impacts of the transition on different businesses
4. monitoring effects on household bills, so low-income households keep pace with rising costs
5. helping low-income and other households reduce emissions, including assistance with upfront costs of new technology
6. signposting policies early, where possible, so businesses have time to adjust and invest.

Promoting business and job opportunities

Seizing the opportunities of this transition will require:

1. reducing emissions across all industries
2. mobilising capital at different levels
3. a flexible skills system and employment support that responds as businesses adopt new ways of working, and new industries and jobs emerge.

A number of these opportunities are addressed in other parts of this document, such as the chapters on funding and finance, and those on transitioning key sectors. Māori-led opportunities should also be fostered, recognising the particular competencies and knowledge Māori bring (for example, to improve asset management and regeneration). Māori will have a key role in areas including agriculture, research, science and innovation, forestry, energy and industry, and building and construction.

We want to make high-quality, sustainable jobs accessible to young people, and those in lower paid work (including some Māori, Pasifika, women, and disabled people), and to enable the uptake of low-emissions business practices.

Supporting workers, households and communities

The Commission noted that employment and jobs will inevitably change as Aotearoa moves towards a low-emissions society. For many, this will mean learning new skills and for others it will mean moving into jobs in other industries. The Government is reforming the vocational education system, to ensure it's better able to produce the skills that learners, employers and communities need.

We must also do more to support and enable workers, households and communities to understand, plan and manage the transition, so they are better placed to build a productive, sustainable, inclusive and resilient society.

Potential responses include:

1. A new social unemployment scheme (through the Future of Work Forum), with the Council of Trade Unions and Business NZ. This would better support workers who lose their job, giving them financial stability to find the right job for their skills, or to retrain.

2. Supporting high-quality local planning, including:
 - developing user-friendly resources such as guidance, tools and information
 - improving how the public service supports transitions, building on programmes such as Kānoa Regional Economic Development Partnerships
 - deploying more intensive equitable transition support for communities and regions that need more assistance
 - investigating the ongoing role of the Regional Strategic Partnerships Fund and its potential to accelerate equitable regional transitions.

Monitoring and responding to impacts

We must carefully consider distributional impacts so that we can minimise negative effects, maximise co-benefits and reduce inequities. However, some impacts will be difficult to predict. Some options for better monitoring are:

1. a forward research programme to better identify vulnerable groups, and to assess mitigation options
2. better assessment of how current policies are playing out in practice
3. inviting Māori and stakeholders, including businesses and community groups, to provide real-time feedback on the effects of policies.

QUESTIONS

Equitable transitions strategy

The Climate Change Commission recommends developing an Equitable Transitions Strategy that addresses the following objectives: partnership with iwi/Māori, proactive transition planning, strengthening the responsiveness of the education system, supporting workers in transition, and minimising unequal impacts in all new policies.

13. Do you agree with the objectives for an Equitable Transitions Strategy as set out by the Climate Change Commission? What additional objectives should be included?
14. What additional measures are needed to give effect to the objectives noted by the Climate Change Commission, and any other objectives that you think should be included in an Equitable Transitions Strategy?

The Commission suggests that the Equitable Transitions Strategy should be co-designed alongside iwi/Māori, local government, regional economic development agencies, businesses, workers, unions, the disability community and community groups.

15. What models and approaches should be used in developing an Equitable Transitions Strategy to ensure that it incorporates and effectively responds to the perspectives and priorities of different groups?

Other actions

16. How can Government further support households (particularly low-income households) to reduce their emissions footprint?
17. How can Government further support workers at threat of displacement to develop new skills and find good jobs with minimal disruption?
18. What additional resources, tools and information are needed to support community transition planning?

QUESTIONS

19. How could the uptake of low-emissions business models and production methods be best encouraged?
20. Is there anything else you wish to share in relation to making an equitable transition?

Aligning systems and tools

SUMMARY

Moving to a low-emissions future means transforming all sectors of the economy. All our systems must point towards low emissions.

- **Government accountability and coordination** is essential for a well-resourced work programme that makes these system-wide changes.
- **Funding and financing** are a catalyst for significant cuts in emissions.
- **Emissions pricing** plays an important role in changing investor and consumer behaviour.
- **The planning system** controls how we use land, and the emissions that flow from those land uses – both urban and rural.
- **Research, science and innovation** generate knowledge, and new approaches and practices.
- **Behaviour change** by organisations, businesses and individuals is critical to achieving net zero.
- **Move to a circular and bioeconomy** to create economic value while restoring the natural systems.

Your views

We seek your comments on proposed measures to reduce emissions and align our systems with the transition. We would like to know if you think these are the right types of policies, if they go far enough, and what you think should be changed.

There are consultation questions throughout this section under each of the above headings.

Government accountability and coordination

Responding to climate change requires a coordinated work programme across central government to achieve our shared objectives and reach our climate targets. The Ministry for the Environment leads our country's climate change policy, and other government agencies hold the policy for key sectors to reduce greenhouse gas emissions and increase removals. The climate response will also require other actors – including local government and the private sector – to take action and mobilise resources.

The emissions reduction plan is just the first step. From June 2022 on, we will institute monitoring and public reporting of progress to track the implementation of the plan and enable accountability. The Climate Change Commission also has a role in monitoring and reporting progress against our budgets to the Government.

An equitable and managed transition requires:

1. building government capability to monitor progress against our budgets
2. making timely decisions so we stay on track
3. making sure social, economic and environmental policies support one another.

What we are doing now

Government leadership

Climate Change Response Ministerial Group – This is chaired by the Prime Minister. Formed in December 2020, it sets strategic direction on climate action and keeps the work programme timely and effective.

Climate Change Chief Executives Board – Formed in 2019, this brings together chief executives of key agencies to monitor and progress the Climate Action Plan,¹¹ and drives a climate work programme. The board will continue this governance role for the emissions reduction plan.

Aligning procurement with low emissions, and promoting investment

In October 2019 new Government procurement rules came into effect. They place more emphasis on social, economic, cultural and environmental outcomes, beyond the purchase of goods and services.

A priority is *supporting the transition to a net-zero-emissions economy*. This requires agencies to do their part by procuring sustainable goods and services. Read more on the [Government procurement rules](#).

The Carbon Neutral Government Programme

Government is joining businesses and communities in leading the way to a net-zero future, through the [Carbon Neutral Government Programme \(CNGP\)](#).

Launched in December 2020, it aims to make a number of public organisations carbon neutral from 2025. Participants measure and report their emissions, set targets and plans to reduce emissions in line with the 1.5° pathway,¹² and offset their remaining emissions from 2025.

Potential and proposed measures

Implementing the emissions reduction plan

This plan is the first step on the path to a low-emissions economy. From June 2022, agencies and Ministers must be accountable for what it sets out. The Government is considering whether this might require enhanced or additional mechanisms.

We will also need to monitor and track progress against budgets, including responding to the Climate Change Commission's reports that monitor our progress. To keep decisions timely, we will need more rapid and focused feedback. This means significantly increasing the capability of data and modelling teams in agencies.

¹¹ The Climate Action Plan was developed from the [Government response to the Productivity Commission's Low Emissions Economy report](#).

¹² That is, to be consistent with the intent and purpose of the Climate Change Response (Zero Carbon) Amendment Act 2019, and the Paris Agreement, of limiting the global average temperature increase to 1.5° Celsius above pre-industrial levels.

Working together in new ways

Striving to meet our transition challenge could involve new ways of collaborating to transform our economy, like mission-oriented innovation.¹³ By working in close partnership with business, iwi/Māori, and the public, a missions-led approach could catalyse innovation and crowd-in investment across the system to help drive transformation, forging new climate-resilient economic activities and jobs that embrace our unique strengths.

QUESTIONS

21. In addition to the Climate Change Commission monitoring and reporting on progress, what other measures are needed to ensure government is held accountable?
22. How can new ways of working together, like mission-oriented innovation, help meet our ambitious goals for a fair and inclusive society and a productive, sustainable and climate-resilient economy?
23. Is there anything else you wish to share in relation to government accountability and coordination?

Funding and financing

Climate change requires a step change in how we approach financing. Our climate targets will require significant, sustained investment from public and private sectors. To meet this challenge, we will need to:

- increase the amount of public funding available for new climate initiatives
- support the flow of private investment towards climate-positive outcomes and the growth of the green finance market
- consider how our policies, incentives and existing spending are contributing to where money flows across the economy
- ensure that our communities and businesses can access the finance they need to invest in the transition.

What we are doing now

Finance is an important catalyst for lowering emissions. Aligning finance with positive climate action may not directly reduce emissions, but it directs much-needed investment to low-emissions activities.

There is no single way to direct the flow of finance towards climate goals, but a range of options that need to be considered together. For a list of the current work being done across Government (at mid-2021), see [International developments in sustainability reporting](#).

Aligning public finance

Given the breadth, scale and duration of the transition to low-emissions economy, we need to ensure **adequate, durable and certain** public funding for climate action. The Treasury and the Ministry for the Environment are currently considering how the public finance system can provide this, including:

¹³ Larrue P. 2021. [The design and implementation of mission-oriented innovation policies](#). *OECD Science, Technology and Industry Papers* (100). Paris: OECD Publishing. The missions-led approach is also discussed in the [Research, science and innovation](#) section.

1. how we prioritise spending for positive climate action through the annual Budget process
2. how we assess and report on what gets funded through public spending, including how well broader public spending aligns with our climate targets
3. how the Government can coordinate and encourage climate investment in the private sector
4. how we can recycle revenue from the New Zealand Emissions Trading Scheme (NZ ETS) into climate spending.

Initial work on this will inform the next Government Budget and will build on a number of existing government funds that support low-emissions activities, such as the [Government Investment in Decarbonising Industry Fund](#), the [Low Emissions Transport Fund](#) and the [Technology Demonstration Fund](#).

Government agencies are also looking at novel ways to boost public investment in low-emissions activities. For example, Kāinga Ora launched its [Sustainability Financing Framework](#) in 2020, to support investment in green buildings.

Mobilising private finance

The investment needs of a climate change response cannot be met by public finance alone. There are significant opportunities for private investors in the growing green finance markets. In fact, the private sector is already taking these opportunities, such as through the recently launched Centre for Sustainable Finance.

The Government will support private investment into this space by providing co-funding, overcoming information barriers, and regulating where necessary. Over the last three years the Government has:

- established the New Zealand Green Investment Finance Limited (NZGIF) to direct private sector capital into investments that reduce emissions in 2018. The latest Government Budget provided \$300 million of additional funding for NZGIF to invest into decarbonising public transport, waste and plastics.
- Banned default KiwiSaver funds from investing in fossil fuel production.
- Helped investors better understand climate change-related risks and opportunities and supported investor activity, by introducing mandatory climate-related disclosures in 2020. The Financial Markets Authority also published their disclosure framework for integrated financial products in late 2020 to support the growing market for ESG (environmental, social and governance) funds.
- Mobilised private finance in the regions to make them more productive, resilient, inclusive, sustainable and Māori-enabling through Ministry of Business, Innovation and Employment's Kānoa – Regional Economic Development and Investment Unit's (REDIU's) \$200 million Regional Strategic Partnership Fund.

To encourage continued funding and financing, we would like to understand the barriers and gaps in allocating private capital to low-emissions investment, and clarify where to focus our initial efforts for the greatest impact.

Access to finance to support the transition

The costs of the transition will also fall on communities, businesses and individuals. We are considering where access to finance is creating a barrier to the transition, and how we can overcome those.

For example:

- To increase lending for sustainable agricultural activities, the Ministry for Primary Industries is working with the banking industry and the Sustainable Finance Forum of the Aotearoa Circle on a common set of guidelines for defining 'sustainable agriculture'.
- The Reserve Bank of New Zealand is exploring the challenges Māori face in accessing capital, with a focus on bank lending to small and medium-sized enterprises (SMEs), and is building a quantitative assessment of those challenges now. We would also like to understand whether Māori face other barriers to low-emissions finance, particularly outside of the SME context.

QUESTIONS

24. What are the main barriers or gaps that affect the flow of private capital into low-emissions investment in Aotearoa?
25. What constraints have Māori and Māori collectives experienced in accessing finance for climate change response activities?
26. What else should the Government prioritise in directing public and private finance into low-emissions investment and activity?
27. Is there anything else you wish to share in relation to funding and financing?

Emissions pricing

Emissions pricing helps change investor and consumer behaviour. It promotes lower emissions options by putting a cost on emissions, either directly or through obligations that are passed on to consumers. This allows businesses and consumers to make the most cost-effective choices for reducing their emissions. The NZ ETS is our main emissions pricing tool, and just under half our gross emissions face an emissions price through the scheme. It creates a trading market for New Zealand Units (NZUs), where each NZU represents one tonne of CO₂e. Participants are required to surrender one NZU for each tonne of CO₂e they produce. Participants who remove CO₂e from the atmosphere (mostly foresters) are entitled to receive NZUs. Businesses whose activities are emissions intensive and trade exposed can receive a free allocation of NZUs, termed industrial allocation.

The Government has put an overall limit (cap) on the emissions that participants produce. As the NZU supply decreases over time, the demand will increase, causing the price to rise. This makes emissions-intensive technology and behaviour more expensive, and encourages businesses and individuals to find ways to reduce their emissions and increase removals, such as by planting forests.

The NZ ETS is designed to limit net emissions (the sum of gross emissions and removals) in line with the net emissions budgets that will be set under the Climate Change Response Act 2002 (CCRA). There is currently no limit on the use of NZUs from forestry to meet NZ ETS surrender obligations.

What we are doing now

The overall limit and price control settings are updated annually to provide settings for the next five years.

The Government has announced that the unit volumes in the NZ ETS and the price control settings will be updated from 1 January 2022, in line with the Commission's recommendation. View the [auction volumes and price control settings for 2022–26](#).

These changes have created a rising price corridor; the price at which extra units could be released for sale from the cost containment reserve¹⁴ during NZ ETS auctions will increase from \$50 to \$70 from 1 January 2022, and will increase by 10 per cent plus inflation each year. The auction price floor will increase from \$20 to \$30 from 1 January 2022 and increase at 5 per cent plus inflation each year.

The settings may be revised in 2022 for 2023–27, to support our agreed emissions budget, and the Commission's annual advice on NZ ETS settings.

Potential and proposed measures

Encouraging gross emission reductions through the NZ ETS

To support our transition pathway, substantial gross emissions reductions are required by 2050. The NZ ETS needs a higher emissions price to drive investment and behaviour change to reduce gross emissions. This is especially important to achieve the transition pathway for gross emissions in energy, transport and industry. In these sectors, cost-effective technologies already exist to reduce some gross emissions. Any delay in investing in such technologies will cost us more in the long run, lead to higher cumulative emissions, and require more land-use change to forestry after 2050.

A rising NZ ETS price under current settings may drive more forestry rather than gross emissions reductions over the long term

Modelling undertaken by the Climate Change Commission identified that under current policy settings a rising NZ ETS price is likely to mostly drive exotic forest planting in the short term, rather than gross emissions reductions.

The Commission's modelling, and government analysis carried out in 2019,¹⁵ as well as 2018 modelling from the Productivity Commission on our transition to a low-emissions economy identified abatement costs in forestry at then current emissions prices, and much higher abatement costs in the energy, industrial processes and product use, and waste sectors.

Modelling from the Productivity Commission found that an emissions price of \$150–250 per tonne of carbon is needed to achieve net zero emissions by 2050. While the reductions in net emissions come mainly from afforestation, gross emissions reductions are achieved at higher emissions prices from replacing fossil fuels with clean electricity and other low-emissions energy sources in transport and process heat. These higher prices could come about through land scarcity impacting afforestation costs. The Productivity Commission noted that while afforestation provides a cost-effective means of reducing net emissions, this is only an interim solution as substantial gross emissions will remain in 2050 (over 50 Mt CO₂e) and there will only be sufficient suitable land for afforestation for the next 30 to 50 years, at projected planting rates.

¹⁴ The cost containment reserve (CCR) is a reserve volume of units available to be released to the NZ ETS market if the CCR trigger price is hit at auction.

¹⁵ Ministry for the Environment. 2020. *Marginal abatement cost curve analysis for New Zealand: Potential greenhouse gas mitigation options and their costs*. Wellington: Ministry for the Environment

Climate Change Commission recommends further NZ ETS amendments

The Commission recognised that this could cause a problem with the effectiveness of the NZ ETS in driving gross emission reductions. The Commission recommended amending the NZ ETS to strengthen the incentive for gross emissions reductions, and manage the amount of exotic forest planting the NZ ETS drives. This is because while the emissions removed by exotic forest planting can offset gross emissions, this is a one-off benefit, and means the land must remain in forest permanently. This reduces the flexibility of land use and delays reducing gross emissions.

We intend to look at this issue more closely, and if needed will change the way forestry is treated under the NZ ETS.

Future carbon sequestration incentives

New Zealand needs new forests to be planted over the coming decades, to continue to offset emissions, including hard-to-abate emissions up to and beyond 2050, and to provide flexibility for meeting domestic and international targets if gross emissions are harder to achieve than anticipated. An increased wood supply will also support our efforts around biofuels and the circular economy. We also need forestry to support Māori aspirations, contribute to economic prosperity, biodiversity, soil and water health, and climate resilience.

These many benefits are why the Government is committed to maintaining effective incentives for planting new forests of the right type, in the right place and for the right purpose. If there will be constraints on forestry in the NZ ETS, then Government will work with land owners and industry on ways they can be rewarded for carbon sequestration and other benefits outside the NZ ETS.

Anticipating the likely incentives for carbon sequestration from the 2030s is work that needs to happen regardless of any decision on whether to constrain forestry driven by the NZ ETS. If Aotearoa substantially reduces gross emissions by the 2040s there will be less demand for forestry removals from existing NZ ETS emitters responsible for those emissions. We will continue to need forestry removals, however, for offsetting hard-to-abate emissions and biological emissions currently outside the NZ ETS. There may also be demand from the voluntary and international markets. Given the long timeframes that new forests contribute removals over, decisions made in the next few years will influence the quantity and type of forestry removals in the NZ ETS up to 2050.

The Commission has noted that current NZ ETS settings will incentivise more planting of fast-growing exotic species, such as pine, than may be desirable to meet the 2050 target. The Commission also noted Aotearoa should transition from a reliance on exotic forests to permanent native forests before 2050. Because forestry removals may also be thought of as insurance if progress in other sectors is slower than forecast, it's important to maintain investor and land owner confidence by carefully analysing the impacts of any changes to forestry incentives.

The Commission presented several options for how to amend the NZ ETS to manage incentives for afforestation, including:

- reducing demand by limiting how many forestry units non-forestry participants can surrender
- requiring them to pay an additional fee when surrendering forestry units
- reducing the rate at which units can be earned by exotic forest

- limiting the overall area of forest that can be registered in the NZ ETS each year, or otherwise amending the eligibility criteria.

There may be other options, and each option will have different impacts on different groups. The Government will need to identify and work through the risks and benefits of different approaches, including the status quo, during the policy development process. We will analyse the implications of different policy options on the NZ ETS to avoid unintended consequences. Your feedback and ideas are important, and will inform this analysis. There will be further consultation as options, including the status quo, are developed.

We will decide by the end of 2022 on whether to change NZ ETS rules in the future. If changes are necessary, we will also decide on preferred options.

Improving market governance

Market governance is critical for the integrity and efficiency of the NZ ETS. Consultation on options to improve the governance of advice, trading, and market conduct, and appointing a market regulator closed on 17 September 2021. The aim is to improve the current framework to manage risks of misconduct in the NZ ETS and protect NZ ETS users from financial harm. We will include feedback from this consultation in a summary of submissions expected to be published in late 2021. The results of the consultation, alongside further policy analysis, will inform advice on designing a governance framework for the NZ ETS.

Reviewing free industrial allocation

Some businesses are allocated free NZUs for activities considered emissions intensive and trade exposed (EITE). Industrial allocation reduces the risk of the emissions price driving EITE firms, production and the associated emissions overseas, which could increase global emissions. This risk is known as **emissions leakage**.

We consider that current industrial allocation policy is contributing to over-allocation. Consultation on options to improve the policy, to manage any ongoing risk of emissions leakage and align with our climate change commitments closed on 17 September 2021. We are also considering the longer term direction of the policy, and alternative mechanisms.

The results from this consultation, alongside further policy analysis, will inform advice to Ministers about policy changes to industrial allocation. These changes are likely to be progressed through an amendment to the Climate Change Response Act introduced in 2022, and later through changes to the industrial allocation regulations.

QUESTIONS

28. Do you have sufficient information on future emissions price paths to inform your investment decisions?
29. What emissions price are you factoring into your investment decisions?
30. Do you agree the treatment of forestry in the NZ ETS should not result in a delay, or reduction of effort, in reducing gross emissions in other sectors of the economy?
31. What are your views on the options presented above to constrain forestry inside the NZ ETS? What does the Government need to consider when assessing options? What unintended consequences do we need to consider to ensure we do not unnecessarily restrict forest planting?
32. Are there any other views you wish to share in relation to emissions pricing?

Planning

Decisions on land use and resources affect the emissions pathway we take, and can lock us into that pathway for generations to come.

In many parts of New Zealand, rapid outward growth has led to poorly functioning urban form and higher emissions. Strategic planning and investment can lower emissions over time by influencing urban form through locating medium- and high-density development and mixed-use centres to support active and public transport. Planning can drive climate action in almost every sector – for example, enabling afforestation to offset emissions and supply the emerging bioeconomy, enabling renewable energy, or enabling a range of infrastructure and building types that support emissions reductions.

What we are doing now

The existing [national direction on urban development](#), which guides council planning, enables growth ‘up and out’ in locations with existing services and infrastructure, promoting growth in centres and public transport networks.

Urban design schemes for safe, accessible, liveable neighbourhoods, which complement climate objectives, are underway at a small scale, as is work on Māori-led housing.

Partnerships between iwi/Māori and central and local government are already producing long-term spatial plans for high-growth regions, with well-planned intensification and public transport-oriented projects.

Other programmes include national direction on renewable energy generation and industrial greenhouse gas emissions and the Building for Climate Change programme.

The Kāinga Ora programme is working to understand how it can reduce urban emissions through planning and infrastructure in its large-scale regeneration programmes. This is supported by a [Housing Acceleration Fund](#) for infrastructure, and work to take a climate lens across investment.

Proposed policies and measures

Since 1991, the way we manage our environment has largely been governed by the Resource Management Act 1991 (RMA). **Reforms** are currently underway and provide an opportunity to integrate emissions reduction into land-use planning and investments.

The reforms seek to replace the RMA with:

- A Natural and Built Environments Act (NBA) to protect and restore the environment while better enabling development, underpinned by Te Oranga o te Taiao. This is proposed to require mandatory direction for greenhouse gas emissions.
- A Strategic Planning Act (SPA) to require long-term regional spatial strategies to help align priorities and integrate decisions across land use, transport and local government. This will help align how investment is directed across legislation – for example, under the new NBA, and the existing Local Government Act 2002 (for example, long-term plans) and Land Transport Management Act 2003 (for example, Government policy statements).
- A Climate Adaptation Act (CCA) to address issues around managed retreat.

Development of the proposed SPA and NBA, and engagement with local government and iwi/Māori, will happen throughout 2021. These reforms are a key opportunity to align the planning and funding frameworks with climate mitigation and adaptation. This will assist local authorities to make and fund decisions aligned with reducing emissions and adapting to climate change, but further system change may be needed. These should be considered alongside sector-specific policies, for example, in relation to the New Zealand Building Code. Further system-wide reforms will likely also be needed to support the new resource management system and optimise emissions reductions, for example through alignment of the Local Government Act, Land Transport Management Act, and the Building Act 2004.

Other direction will be developed as part of a 30-year infrastructure strategy, and the draft Government Policy Statements on Housing and Urban Development (which will set expectations for Kāinga Ora for how it mitigates and adapts to climate change).

The Commission recommended bringing climate change into the decision-making processes of Crown agencies, entities and Crown-owned companies. Investigation into opportunities to reduce emissions across all public and private infrastructure assets is needed – including embodied emissions from construction and maintenance, operational emissions, and the infrastructure-enabled emissions. Changes may be needed in several areas to support low-emissions, climate-resilient built assets – including investment, funding and financing settings, infrastructure-related targets supported by sectors and backed by behaviour change programmes, as well as risk disclosure and monitoring. Alongside this, green infrastructure solutions should be supported.

The Commission recommended a greater focus on partnership with iwi and Māori in relation to urban development. Partnerships with mana whenua are underway as part of the Urban Growth Partnerships and further work will be done on a partnership approach as part of the work on the Spatial Planning Act. The Commission also recommended better protection of Māori interests and site of cultural significance and resource management reform could provide a better framework for progressing this.

The construction sector, urban designers and developers, who are key to achieving effective land-use planning, will need different support.

Integrating emissions into urban planning and funding

We do not know the total emissions contribution of urban areas. We need to develop a way to measure the emissions associated with urban development decisions. This should incorporate the likely lifetime emissions of transport and energy use that would be enabled under different scenarios, and embodied emissions in buildings and infrastructure.

Understanding the emissions impact could inform strategic, spatial and local planning and investment decisions, and drive emissions reductions going forward.

There are major opportunities in planning and investing for a more compact mixed-use urban form, oriented around public and active transport. As noted in the [Transport](#) section, the Government will require transport emissions impact assessments for urban developments and factor these into planning decisions (with requirements to avoid, minimise and mitigate transport emissions impacts). Transport plans and future investments will also strongly prioritise travel by public transport, walking, and cycling.

Future work could explore the:

- economic benefits and distributional impacts of intensifying development in towns and cities
- price signals and economic instruments to support this.

This includes options proposed by the Resource Management Review Panel, such as 'value capture' tools, as well encouraging the uptake of alternative, low-carbon infrastructure and its financing.

QUESTIONS

33. In addition to resource management reform, what changes should we prioritise to ensure our planning system enables emissions reductions across sectors? This could include partnerships, emissions impact quantification for planning decisions, improving data and evidence, expectations for crown entities, enabling local government to make decisions to reduce emissions.
34. What more do we need to do to promote urban intensification, support low-emissions land uses and concentrate intensification around public transport and walkable neighbourhoods?
35. Are there any other views you wish to share in relation to planning?

Research, science and innovation

Research, science and innovation (RSI) help us towards an inclusive, sustainable and productive future. The Climate Change Commission identified innovation as a pillar of our emissions reduction interventions.

The RSI system¹⁶ yields scientific knowledge and innovation to drive the transition, including lower emission practices. It also promotes mātauranga Māori in addressing the problems and opportunities.

¹⁶ The RSI system consists of people, institutions (including research organisations and businesses) and infrastructure. The Government supports the system through direction setting, funding, ownership of research and innovation institutions, coordination, and regulation (eg. for intellectual property).

We are committed to increasing our RSI activity to 2 per cent of gross domestic product (GDP) (from the current rate of 1.35 per cent).

The RSI system drives emissions reduction in three approaches:

1. **Knowledge:** this enhances our understanding of climate change and the scale of reduction needed. A growing knowledge base helps the Government, communities and businesses adapt, and manage the transition.
2. **Sectors:** this aims to solve the scientific and technological challenges in reducing emissions in domestic sectors, with novel methods. Sectors can commission research and development (R&D) and use RSI resources. Government support can accelerate innovation to assist individual sectors, for example by lowering agricultural emissions, fostering the bioeconomy, or addressing hard-to-abate emissions.
3. **Opportunities:** cutting-edge science expertise and frontier firms give Aotearoa an advantage in designing new, low-emissions technology, businesses and sectors. These can be exported to connect with the global green economy. These opportunities are hard to plan for but will underpin an equitable transition to new sectors with higher productivity jobs.

The RSI system ensures that our research community and innovative businesses have the science capability, people, infrastructure, culture and experience to meet new challenges as they arise. Greater emphasis on low emissions would require additional funding or a shift away from other areas of innovation.

With the short timescale for the transition, and the breadth of science and innovation required, our RSI system must be adaptable, resilient, connected to the global frontier, and able to deliver and absorb innovation at pace.

What we are doing now

Existing funding is both broad-based and targeted at low-emissions R&D. We support projects driven by knowledge, sector and opportunity.

Examples include:

- funding for research to reduce agricultural greenhouse gas emissions – focusing on information, technology and behaviour for agriculture in a carbon-constrained world¹⁷
- support for the Bioresource Processing Alliance, which helps reduce waste through high-value products from low-value biological resources¹⁸
- the Strategic Science Investment Fund (SSIF),¹⁹ to develop new knowledge and capabilities, working closely with end users to support the uptake of research.

Government investment in research, science and innovation

Annual government investment in RSI is \$2 billion currently, with \$2.2 billion from the private sector, equating to 1.35 per cent of GDP (while our total RSI investment is below the Organisation for Economic Co-operation and Development (OECD) average of 2.34 per cent,

¹⁷ See more information about the Ministry for Primary Industries (MPI) and Ministry of Business, Innovation and Employment (MBIE) funded [New Zealand Agricultural Greenhouse Gas Research Centre](#).

¹⁸ See the [Bioresource Processing Alliance](#).

¹⁹ See the [SSIF research programmes](#).

the government-funded share is higher than the OECD average). Major investments include the Marsden Fund, the Endeavour Fund, the Sustainable Food and Fibres Fund, and the Research and Development Tax Incentive (RDTI), which supports business innovation.

Government investment in climate change research covers:

- understanding climate change and emissions, contributing to the global body of knowledge
- understanding the effects of high emissions on our environment, including towns and cities
- developing the new knowledge and technology that will help to mitigate and move away from high emissions
- developing the knowledge and technology to build new net-zero industries.

Research and Development Tax Incentive

The [Research and Development Tax Incentive](#) is the main mechanism to support business innovation. It allows companies to claim back 15 per cent of eligible R&D expenses, and helps them to grow and contribute to the New Zealand economy.

Vision Mātauranga

The [Vision Mātauranga](#) policy unlocks the science and innovation potential of Māori knowledge. Mātauranga Māori offers insights and solutions to climate change issues that reflect a holistic worldview.

The Expanding the Impact of Vision Mātauranga initiative will assist Māori to make future investments in RSI. It will be co-developed with Māori to achieve outcomes driven by and for Māori, and reflect Te Tiriti o Waitangi (Treaty of Waitangi). We will promote a system that supports and reflects Māori aspirations and mātauranga Māori in RSI.

The Endeavour Fund

The Endeavour Fund invests in a wide range of research. The [Endeavour Fund Investment Plan 2022–24](#) emphasises proposals that aim to support the transition to a low-emissions and climate-resilient economy. Explicit consideration will be placed on the potential impact of research on greenhouse gas emissions. This initiative is cost-neutral, as it sits within existing processes. The fund invests about \$57 million in new projects annually.

Research on agricultural emissions

The Budget 2021 initiative Accelerating Agricultural Climate Change Research is a collaboration between MBIE and MPI to address research in the agriculture sector. It will accelerate agricultural greenhouse gas mitigation R&D in high-impact areas (for example vaccines, methane and nitrous oxide inhibitors, low-emissions animal breeding, and soil carbon enhancement).

Supporting and commercialising innovation

The Ministry for the Environment and Callaghan Innovation highlight environmental challenges through accelerator schemes such as the Climathon and Creative HQ's Climate Response Accelerator. They advise private sector participants on designing new products and services, including low-emissions technology.

Callaghan Innovation has launched a partnership with other government agencies that work in the innovation sector entitled 'Cleantech: Making it Happen'. This will connect innovators with the Government, investors, Māori trusts and customers to increase cleantech innovation and commercialisation.

Potential measures

MBIE aims to target investment in lower emissions, so that the RSI system delivers cutting-edge innovation. MBIE seeks public input on where and how to direct our RSI efforts.

The RSI system can also coordinate activities to decarbonise different sectors, such as wider access to established low-emissions technology.

Future Pathways programme

MBIE's Future Pathways programme will set the priorities for research to address the challenges facing New Zealand, such as the transition to a low-emissions economy. Initial consultation will be through a green paper, scheduled for the third quarter of 2021.

Future Pathways will consider:

- giving complex challenges such as climate change a clear locus of activity and dedicated resourcing
- reshaping the funding system to give effect to those priorities, and to build our capability now and in future
- shaping our institutions so they can act on those priorities and adapt in a fast-changing world.

Start-up Action Plan

MBIE is exploring ways to foster start-ups in New Zealand; this includes how it can help them address environmental challenges, including lowering emissions.

A cross-government approach will enhance the visibility and connectedness of this scheme. It will also improve access to resources for scaling up, starting with a publication to highlight the current system.

It also involves co-designing mechanisms with Māori to assist Māori start-ups.

Mission-oriented innovation

MBIE is developing a proposal for a mission-oriented innovation²⁰ approach to climate change. This would join efforts, resources and knowledge across disciplines, sectors and policies, to collectively support projects that tackle climate change. It would focus on opportunities from new low-emissions technology, and help address sector-specific problems. It would also consider the need for innovation infrastructure to help people adopt available emerging low-emissions technology, and new technology and ideas.

This includes providing strategic direction; improving networks among researchers, businesses and institutions; supporting international cooperation; and fostering new relationships between RSI and firms at the cutting edge.

²⁰ Larrue P. 2021. *The design and implementation of mission-oriented innovation policies*. OECD Science, Technology and Industry Papers (100). Paris: OECD Publishing.

Below are some initiatives that could kick off a mission-oriented approach.

- Innovative partnerships for clean technology

MBIE proposes an [Innovative Partnerships programme](#) on clean technology (cleantech) to investigate new and emerging initiatives, including those that would reduce emissions. It would attract frontier firms to conduct R&D, invest and build a sustained presence in Aotearoa.

Through this approach, Aotearoa could become a global destination for cutting-edge R&D, provide a test bed for low-emissions innovation, and stimulate and scale up domestic and overseas clean technology.

- Advanced technology research and development

MBIE is considering creating a roadmap to guide investment in advanced technology over the next 5–10 years. Some of these – such as new energy vehicles, smart grids, hydrogen energy and new forms of energy storage – will lower our emissions profile.

- Supporting the uptake of emerging technologies

MBIE proposes addressing the gap in support for new technology that is under development. This could include creating test beds, through pilot plant facilities and regulatory coordination. It would also look at emerging international technology that supports our transition.

MBIE is also scoping ways to scale up high-impact projects more quickly. It will seek partnerships with private enterprise and government agencies to test solutions as part of a partner's normal operations, to reduce the lag between development and widespread uptake.

QUESTIONS

36. What are the big challenges, particularly around technology, that a mission-based approach could help solve?
37. How can the research, science and innovation system better support sectors such as energy, waste or hard-to-abate industries?
38. What opportunities are there in areas where Aotearoa has a unique global advantage in low-emissions abatement?
39. How can Aotearoa grow frontier firms to have an impact on the global green economy? Are there additional requirements needed to ensure the growth of Māori frontier firms? How can we best support and learn from mātauranga Māori in the science and innovation systems, to lower emissions?
40. What are the opportunities for innovation that could generate the greatest reduction in emissions? What emissions reduction could we expect from these innovations, and how could we quantify it?
41. Are there any other views you wish to share in relation to research, science and innovation?

Behaviour change – empowering action

Public engagement is central to the emissions reduction plan – especially as a net-zero future depends on individuals, households and organisations changing their behaviour.

Promoting public awareness, communication and education helps to meet four objectives:

1. Keep the public well informed, so they understand Government plans and policies.
2. Engage people in consultation, so that the best decisions are made for Aotearoa and our people in the transition.
3. Co-develop and share the Government's vision.
4. Motivate people to act in their own lives, and make long-term decisions that will help everyone make the shift.

In the short term, we can lower emissions by encouraging New Zealanders to make choices and new actions – for example, using the car less, taking public transport, native tree planting and walking and cycling (active travel).

However, promoting only small-scale, ad hoc changes risks a short-lived impact. We must drive deep and long-term systemic change to change behaviour at the scale required. The Government should take a central role in driving this. Finding the best way to do it is a key challenge.

What we are doing now

The Commission noted that education and information can promote behaviour change.

We have a wide range of activities to raise public awareness, educate, provide information and avenues for individuals to take climate-positive action. Examples include:

- The [GenLess](#) public campaigns and communications platform helps raise the willingness of the public and businesses to think about climate change and encourage energy-efficient and low-carbon choices (Energy Efficiency and Conservation Authority (EECA)).
- The [Environmental Education for Sustainability Strategy and Action Plan](#) helps equip young people to address environment challenges (Ministry of Education, Department of Conservation and Ministry for the Environment).
- The Ministry of Education resource [Climate Change – prepare today, live well tomorrow](#) helps students understand the effects of climate change at a local, national and global scale.
- [He Waka Eke Noa](#) Primary Sector Climate Action Partnership will bring in a farm-level pricing scheme by 2025. This will encourage farmers to reduce their emissions through currently available practices (Ministry for Primary Industries and Ministry for the Environment).
- [BikeReady](#) is a national cycling education system delivered by people in your community. It helps people gain safe road skills for cycling early in life, and fosters a more empathetic transport environment, so that cycling feels like a real transport choice for most people (Waka Kotahi NZ Transport Agency and ACC).
- We are developing updated guidance for voluntary offsetting in New Zealand. The purpose of this guidance is to mobilise and incentivise private finance to enable additional emissions reductions or removals. The guidance will also clarify how organisations and individuals can demonstrate that the voluntary action undertaken has high environmental integrity.

Potential and proposed measures

Behavioural change fund

Although the programmes above are a good starting point, the Commission recommended a more coordinated approach to meet our targets.

The Commission advised on the Government's role in embedding behavioural change in policies and programmes, and setting up a fund with a nominated lead agency to drive behaviour change. We are considering this advice. We are aware that any effort to inform and engage New Zealanders should build on what is already in place (above), with a greater focus on interventions and campaigns for faster behaviour change.

QUESTIONS

42. What information, tools or forums would encourage you to take greater action on climate change?
43. What messages and/or sources of information would you trust to inform you on the need and benefits of reducing your individual and/or your businesses emissions?
44. Are there other views you wish to share in relation to behaviour change?

Moving Aotearoa to a circular economy

A circular economy is about building up a new economic system that operates within planetary boundaries and achieves wellbeing for all. It is about moving from an extractive economic model (for example, one that can have an unsustainable impact on the environment, relies on extracting non-renewable resources and exploits cheap labour) to one that is regenerative, circular and equitable.

The circular economy is often seen as an approach to waste management and resource recovery, but it is much more than this. It is about rethinking how we consume and produce all goods and services, how we live as individuals and communities, and our integration into global value chains.

Our current working principles for a circular economy include:

- designing out waste, pollution and emissions, and unnecessary use of materials
- taking a whole-of-life approach to materials and products, and eliminate waste and pollution through design and planning
- taking responsibility for the past, present and future condition of our natural resources
- keeping products and materials in use, at their highest value
- protecting and regenerate natural systems, to ensure the environment is healthy for future generations
- thinking in systems, where everything is interconnected
- delivering equitable and inclusive outcomes.

The circular economy is an important part of reducing emissions. Globally, 45 per cent of emissions comes from making products – everyday products like cars and clothes, and

managing land.²¹ Using our finite resources more efficiently and in circular ways will generate numerous co-benefits, such as a more sustainable economy, less reliance on imported materials, a more resilient economy, and innovative value-add economic activities.

There is a significant sustainable economic development opportunity presented through a shift to a circular economy approach. The development of this approach provides an opportunity to build up the new green economy, with new, value-adding sustainable activities and industries being created. This includes potential new resource recovery- and energy-focused jobs.

A more circular economy aligns with a te ao Māori view, which is vital for the sustainable and equitable use of our resources. A circular economy will bring together aspects of mātauranga Māori and the waste hierarchy.

We want to know what you think a circular Aotearoa economy could look like in 2050, what we could do to get us there, and important milestones to measure progress along the way. While there are significant opportunities in becoming circular, we have some way to go and there are challenges to overcome.

Constraints

Aotearoa is still in the early stages of developing circular approaches. Barriers include:

- Lack of consistent and reliable data on material flows through the economy.
- Lack of information to help businesses review their supply chains, understand how to make resources more efficient, and assess the opportunities that circular approaches may present.
- Broader policies to reduce and reuse materials, including incentives, are still in development and not yet reflected in design (for example, supply chains are linear and favour single-use products).
- Lack of depth in 'circular' skills, such as product design and manufacture; growing our knowledge economy is also key to unlocking the circular economy.
- Consumer culture and marketing that favours convenient linear or single-use options, and markets that promote and benefit from this model.

The bioeconomy has a key role in the transition

The Climate Change Commission defines the bioeconomy as those parts of the economy that use renewable biological resources (biomass) to produce food, products, and energy.

Although we are taking a broader view, the focus of bioeconomy work programme globally appears to be on:

- recovery and reuse of biological waste (by-products from one activity as an input into another)
- directly replacing fossil fuels with renewable sources
- new, uncommon, or innovative ways of using renewable biological resources (for example, bio-resource extraction and manufacturing), and new organic-based materials and products (for example, bamboo, mushrooms and timber used for buildings).

²¹ Ellen MacArthur Foundation. 2019. *Completing the picture: How the circular economy tackles climate change*.

The bioeconomy is an important part of a circular economy, with both being based on restorative circular systems leveraging greater use of renewable biological resources.

Biomass

Biomass is any organic matter that can be used as fuel or turned into a useful material or chemical. This includes forestry slash, wood chips, tallow, straw, effluent, and organic household waste.

The Commission notes that when the bioeconomy incorporates circular economy principles, it can use biomass residue or waste from forestry, fisheries, agriculture and households as raw materials for other products.

Opportunities

Fostering the bioeconomy is an opportunity to:

- decarbonise our energy sources, including providing a low-cost route for decarbonisation for some uses (for example, process heat), and an option to reduce emissions from hard-to-electrify sources such as long-haul aviation and trucking
- reduce our reliance on imported resources, for greater resilience
- encourage, trial and promote new technology, methods and organic resources to lower emissions and design more climate-resilient materials, products, and processes (for example, diversified high-value wood products for construction)
- strengthen and leverage our relative position on the global stage as a genuinely low-carbon food- and fibre-producing nation
- support an equitable transition through new economic activity and learning and job opportunities.

Challenges

Meeting our target for process heat and transport emissions will drive a rapid increase in demand for biomass, and competition between different uses. This will create several challenges, including securing long-term supply, managing regional supply and demand, and the cost of transport.

Some bio-based technologies, such as solid biofuels, are ready for wide-scale use. However, other products such as bioplastics or renewable biofuels require further work, and face challenges to commercialise and attract investment.

What we are doing now

The Government already has several initiatives that will support the move to a circular economy and thriving bioeconomy, for example:

- developing a refreshed national waste strategy with a focus on circular economy
- funding circular economy innovation and economic development opportunities, including:
 - the Ngawha circular economy innovation park in Northland
 - Āmiomio Aotearoa – a circular economy for the wellbeing of New Zealand research programme led by the University of Waikato

- the Bioresource Processing Alliance, which works with the primary sector to get better value out of biological secondary streams
- Scion’s bioenergy research programme.

Circular and bioeconomy considerations are already being incorporated into key policies, including Industry Transformation Plans (ITPs), National Resource Strategy and procurement. For example, the forestry and wood-processing sector ITP is exploring policies to help ensure adequate resource within the bioeconomy to support emissions reductions targets, and options to accelerate the development of high value bioproducts.

Potential and proposed measures

Moving to a circular economy with a thriving bioeconomy

Aotearoa must take a well-planned but agile approach to a circular economy transition, including the bioeconomy. It must take an integrated approach, linking the economy with the wellbeing of people and the planet, in line with the living standards framework. Where possible we will combine strategies to yield benefits across the four wellbeings – social, economic, environmental and cultural.

We need a strategy that outlines the vision, guiding principles and roadmap, and the role for the Government. A strategy for a circular economy will cover the whole economy as well as key sectors and activities, especially the bioeconomy.

Moving to a circular and zero carbon future will require new ways of working together. We all have a role to play – business, workers, iwi, governments, communities and more. We are interested in options to build on the partnerships that are already taking shape between industry, non-government organisations (NGOs) and other players, and to explore collaboration tools such as mission-led innovation.

Taking time to find the best way forward and work with our partners should not slow the growing momentum in Aotearoa. We will progress action where possible, while we set the strategic direction and foundations to see us to 2050.

While there is a lot already underway, we are interested in your views on how we can further enable New Zealand to move to a circular economy with a thriving bioeconomy. Below is a list of potential proposals we have identified for consideration:

- The development of a strategy, in partnership with iwi, for moving to a circular economy with a thriving bioeconomy, which outlines the vision, guiding principles, roadmap and the Government’s role.
- Establishing a baseline for our current performance, such as a ‘circularity gap’ country scan report.
- A circular economy sustainable development pilot fund to support business, communities and iwi to further move to a circular economy. This could include supporting:
 - business advisory services
 - regional circular economy initiatives such as eco-parks, hubs
 - iwi-led circular economy initiatives
 - partnership approaches between business, government, communities and others, including investigating actions within the Government’s Industry Transformation Plans (ITPS) and other existing partnerships.

- Further science and innovation to support the move to a circular economy with a thriving bioeconomy. This could include:
 - expanding the Bioresource Processing Alliance
 - supporting start-ups that align with a circular economy, through competitions, criteria for incubators and accelerators and procurement approaches
 - exploring the role of mission-led innovation (see the [Research, Science and Innovation](#) section)
 - innovation infrastructure for piloting, prototyping and testing.
- Accelerating the uptake of bioenergy. The Government could consider taking a more active role in market facilitation of bioenergy by helping establish long-term agreements between feedstock producers, intermediaries and end users, assisting in the development of a platform to help match buyers and sellers, and providing information to the market.
- Building knowledge and education on circular economy and using Regional Skills Leadership Groups and Workforce Development Councils to identify skill needs and training options.
- We are also looking into some more sector-specific initiatives. For example, the Building for Climate Change programme is exploring a specific building-related circular economy package, details of which are in the [Building and Construction](#) section.
- Measures in the transport and energy sectors that will support the adoption of bioenergy include:
 - the introduction of a sustainable biofuels mandate to reduce emissions from existing vehicles.
 - the Government Investment to Decarbonise Industry (GIDI) fund provides financial support for co-investment to decarbonise industrial process heat through energy efficiency, technology innovation and fuel switching, including fuel switching to biomass.
- The proposed Government circular economy strategy would link to the Aotearoa Waste Strategy and Waste Minimisation Act 2008 review, which is proposed for consultation in 2021. As other economies have done globally, transitioning our current “disposal centric” waste system towards ‘reduce, reuse and recycle’ provides for the engine room of genuine circular economy.

QUESTIONS

45. Recognising our strengths, challenges, and opportunities, what do you think our circular economy could look like in 2030, 2040, and 2050, and what do we need to do to get there?
46. How would you define the bioeconomy and what should be in scope of a bioeconomy agenda? What opportunities do you see in the bioeconomy for Aotearoa?
47. What should a circular economy strategy for Aotearoa include? Do you agree the bioeconomy should be included within a circular economy strategy?
48. What are your views of the potential proposals we have outlined? What work could we progress or start immediately on a circular economy and/or bioeconomy before drawing up a comprehensive strategy?
49. What do you see as the main barriers to taking a circular approach, or expanding the bioeconomy in Aotearoa?

50. The Commission notes the need for cross-sector regulations and investments that would help us move to a more circular economy. Which regulations and investments should we prioritise (and why)?
51. Are there any other views you wish to share in relation to a circular economy and/or bioeconomy?

Transitioning key sectors

SUMMARY

The emissions reduction plan will include tailored measures to help industries maximise opportunities and transition. This section outlines the work underway and other possible measures for the following sectors:

- **Transport** – changing the way we travel, improving our passenger vehicles and promoting a more efficient freight system.
- **Energy and industry** – preparing our highly renewable electricity sector to power the low-emissions economy, moving away from fossil fuels, and speeding up industrial decarbonisation through fuel switching and energy efficiency.
- **Agriculture** – continuing to develop and adopt the technology and practices that keep this sector on track to meet the biogenic methane targets, and reduce long-lived emissions.
- **Waste and HFCs** – supporting the waste hierarchy, prioritising the reduction and diversion of waste from landfill (particularly organic), and reducing hydrofluorocarbons (HFCs) with high-global warming potential.
- **Building and construction** – reducing building-related emissions, and realising health or other co-benefits where possible.
- **Forestry** – establishing forest sinks that remove carbon from the atmosphere and promote biodiversity and wider environmental outcomes where possible.

Your views

We invite your feedback on:

- The new policies we are considering, or may consider, to meet emissions reduction targets. We would like to know if you think these are the right types of policies, if they go far enough, how any negative impacts of policies are best managed and what you think should be changed.
- Any other potential policies that we have not considered.

Transport

Why reducing emissions from this sector matters

Transport is our second-largest source of greenhouse gas emissions. It is responsible for:

- approximately 20 per cent of gross domestic emissions
- 43 per cent of total domestic CO₂ emissions.

We must set a pathway to a zero-carbon transport system by 2050.

To do this, the Climate Change Commission (the Commission) recommends reducing transport emissions by:

- 13 per cent by 2030
- 41 per cent by 2035 (compared to 2019).

This is equivalent to a 6.7 mega-tonne (Mt) reduction from 2019 levels.

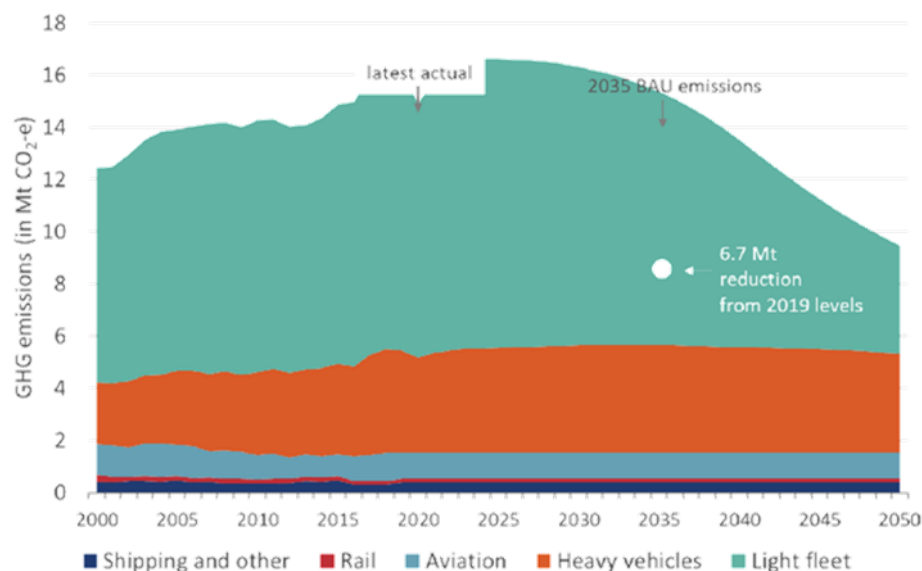
The scale of change to achieve these reductions and complete decarbonisation cannot be overstated.

Decarbonising transport also offers opportunities to improve the wellbeing of New Zealanders. Air pollution, crashes and congestion from traffic impose a large cost on our health, environment and economy. For many people and communities, transport is not affordable or accessible. The transition could make transport more inclusive, safe, healthy and resilient, and better support economic activity.

Almost every person and business relies on the transport system daily. Many difficult decisions and major investments are needed to create sustainable travel options for them. The Ministry of Transport forecasts that transport emissions will be nearly double where they need to be in 2035, unless we introduce major interventions to put us on a different pathway (see figure 4).

We need urgent, wholesale changes across the system to change this trajectory.

Figure 4: Ministry of Transport's emissions projections for transport



Previous consultation on reducing transport emissions

In May 2021, the Ministry of Transport released the discussion document *Hikina te Kohupara – Kia mauri ora ai te iwi – Transport Emissions: Pathways to Net Zero by 2050* (*Hikina te Kohupara*). This identified potential pathways and opportunities to phase out emissions across the transport system.

The consultation material in this section is based on advice from the Climate Change Commission, *Hikina te Kohupara* and insights from feedback on *Hikina te Kohupara*. Here we highlight our commitments and actions to reduce transport emissions.

How we plan to reduce emissions in the transport sector

The Commission recommends the Government focuses on three areas to reduce emissions from the transport system:

1. Reducing reliance on cars and supporting people to walk, cycle and use public transport.
2. Rapidly adopting low-emission vehicles and fuels²².
3. Beginning work now to decarbonise heavy transport and freight.

We agree with these focus areas and have used them to guide our approach. They also align well with the Ministry of Transport's paper *Hikina te Kohupara*.

Government must partner with iwi/Māori

Partnering with iwi/Māori to co-design and develop solutions to reduce our transport emissions is important. Submitters on *Hikina te Kohupara* agreed a partnership is critical to address transport inequity across the transport system, notably for Māori.

Te ao Māori and Māori principles, such as rangatiratanga (leadership) and kaitiakitanga (guardianship) will inform co-design of policies. This will require active collaboration and partnering with iwi/Māori to understand the issues, find Māori-led solutions and develop proposals.

We will support iwi/Māori to fully engage on this co-design. This will include establishing regional groups and building enduring partnerships for ongoing policy design and development.

The Government's role in reducing transport emissions

We will need to use all our levers together in a concerted and coordinated way to achieve the scale and pace of change required. Our levers include:

- *The regulatory system* – including transport-specific laws, regulations, rules and standards, and changes to the resource management system so that urban planning supports lower emissions urban form.
- *Investment and funding* – including the Government Policy Statement on Land Transport (GPS-LT), which sets the Government's objectives for land transport investment, and Crown funding for transport initiatives.
- *Economic incentives* – such as fees and rebates to encourage the uptake of cleaner vehicles and fuels.
- *Leading by example and setting expectations* – such as public sector procurement requirements for electric buses and cars; and setting expectations that Crown agencies such as Waka Kotahi New Zealand Transport Agency (Waka Kotahi), Maritime New Zealand and the Civil Aviation Authority incorporate emissions reductions into their decision-making.
- *Partnerships* – such as the Urban Growth Partnerships programme, to align urban/transport planning and investments.
- *Behaviour change tools* – such as public communication campaigns, while recognising that the biggest barrier is often a lack of good transport options.

²² We have amended this focus to include low-emission fuels to acknowledge that biofuels (and other low-emission fuels) will also play a role in reducing light vehicle emissions.

56 Transitioning to a low-emissions and climate-resilient future

The role of local government, businesses, and communities

A combined effort from all New Zealanders is required to reduce emissions and build a healthy, safe and accessible transport system. Local government, communities, and business have a role to play alongside central government. This includes:

- *Local government* – which has a major role in planning and funding transport and urban development at a regional and local level. Bold decisions and strong collaboration with central government will be needed to ensure a joined-up approach to decrease emissions.
- *Private sector (businesses)* – a major investor and employer in transport. It also leads innovation which will shape our future. Certainty and early notice of decisions will help this sector consider how it can transition its businesses to zero emissions.
- *Communities* – grow the mandate for change and can make change happen. All New Zealanders have a stake in our transport system and can influence its direction. It can be supported by advocacy groups, for example, cycling and neighbourhood groups. Change will vary across communities and effort will be needed to ensure it serves all New Zealanders equitably.

Complementing the New Zealand Emissions Trading Scheme (NZ ETS)

The NZ ETS plays an important role, but it will not be enough to reach the net zero target. This will require other interventions to encourage travel reduction, mode-shift to lower emission modes, and cleaner technology. Although the cost of the NZ ETS on fossil fuel use for transport is ten times what it was five years ago, the impact on travel has been minimal – consistent with overseas findings.

Reliance on the NZ ETS alone to drive transport behaviour would likely require substantial increases in the price paid through the NZ ETS beyond the changes to the proposed auction ceiling price recommended by the Commission. For example, a recent study by Concept Consulting and Retyna estimated that relying on the NZ ETS alone to boost electric vehicle uptake would require a carbon price of \$595.

To reinforce the impact of the NZ ETS, policies must:

- give greater certainty to businesses and households
- provide infrastructure
- address distributive impacts, lack of consumer information, and other non-price barriers.

Reducing emissions from transport infrastructure

This section addresses emissions from vehicle use. It does not cover embodied or operational emissions from infrastructure construction, maintenance and operation. In part this is addressed in the [Building and construction](#) section. However, a whole-of-life approach to transport emissions should consider emissions that arise from constructing and maintaining transport infrastructure – such as streets and roads, rail and ports. This also supports a circular economy.

From 2021 onwards, Waka Kotahi requires energy use and embodied emissions to be measured for all new improvement projects and maintenance contracts. Contractors are also expected to assess and plan to implement opportunities for improving resource efficiency. For selected projects, they must also demonstrate how these emissions are reduced compared to a business-as-usual approach. In addition, Waka Kotahi has a resource efficiency strategy, *Te Hiringa o Te Taiao*, with a longer-term vision that resources are used sustainably with

minimal environmental impact. This includes taking a stronger whole-of-life approach to reducing emissions and ultimately working towards a circular economy.

We are considering how to do this, including from aviation and maritime.

Overview

Table 6 shows our proposed approach to reducing transport emissions over the first three budget periods. This includes existing measures, such as the Clean Car Standard and Discount, and new measures.

Table 6: Steps to reduce transport emissions over first three budget periods

Focus area	Transport targets	Budget 1 (2022–25)	Budget 2 (2026–30)	Budget 3 (2031–35)
1. Reducing reliance on cars and supporting people to walk, cycle and use public transport.	1. Reduce vehicle kilometres travelled (VKT) by cars and light vehicles by 20 per cent by 2035 through providing better travel options, particularly in our largest cities.	Reduce emissions and support thriving cities and towns by integrating land-use, urban development and transport planning and investments. Provide New Zealanders with better travel choices by implementing already agreed mode-shift plans in our largest cities, in partnership with local government. Start planning for other urban areas. Ensure further investment for additional highway and road capacity for light private vehicles is consistent with climate change targets. This is to avoid encouraging further travel by private cars and light vehicles. Maintain a resilient road network, and when undertaking maintenance and repair activities consider how to repurpose assets for the best transport use, including active modes.	Implement mode-shift plans for other urban areas.	
		Support New Zealanders to use public transport, walk and cycle by making significant improvements to public transport services nationwide, and investing in walking, cycling and shared	Continue investment in mode-shift and street/road changes.	Continue investment in mode-shift and street/road changes.

Focus area	Transport targets	Budget 1 (2022–25)	Budget 2 (2026–30)	Budget 3 (2031–35)
		<p>mobility. This include assessment of mass transport in Auckland, Wellington and Christchurch.</p> <p>Make public transport cheaper.</p> <p>Provide national direction to deliver a step-change in cycling and walking rates.</p> <p>Change regulation to make it easier for local government to reallocate road/street space rapidly for public transport, walking, cycling and shared mobility in urban areas, and create an expectation that this will occur. Engage with the public to build support for active and shared travel. Consider how to improve school travel to be more sustainable and healthier.</p>		
		<p>Reduce congestion and support emission reductions by enabling congestion pricing, and work with Auckland Council to implement it. Create a model that other councils can adopt, with emphasis on Wellington in this emissions budget period. Look at using other pricing tools to reduce emissions. Ensure regulation enables and encourages local government to use these tools.</p> <p>Investigate ways to raise revenue for transport in future, including to replace the land transport funding system. This will include revenue, funding, and pricing options, and how these may be used together.</p>	<p>Work with other centres with large populations on congestion pricing or other pricing tools.</p> <p>Consult on options to raise revenue for transport in the future.</p>	<p>Consider implementing new revenue model.</p>

Focus area	Transport targets	Budget 1 (2022–25)	Budget 2 (2026–30)	Budget 3 (2031–35)
2. Rapidly adopting low- emission vehicles and fuels.	2. Increase zero-emission vehicles to 30 per cent of the light fleet by 2035.	<p>Support New Zealanders to buy low-emissions vehicles by implementing the Clean Car Standard and Discount. Set maximum CO₂ limit for individual light internal combustion engine (ICE) imports. Implement community solutions to make low-emission transport options accessible for low-income New Zealanders.</p> <p>Work with industry on addressing supply constraints facing low-emission vehicles. Introduce a vehicle scrappage scheme to support low-income New Zealanders to shift to low-emissions transport.</p> <p>Introduce a sustainable biofuels mandate to reduce emissions from existing vehicles, and plan for large-scale rollout and investment in EV charging.</p>	Continue to support uptake of zero-emission vehicles where suitable alternatives are available, and introduce measures to avoid New Zealand becoming a dumping ground for high-emitting vehicles rejected by other countries.	
3. Beginning work now to decarbonise heavy transport and freight.	<p>3. Reduce emissions from freight transport by 25 per cent by 2035.</p> <p>4. Reduce the emissions intensity of transport fuel by 15 per cent by 2035.</p>	<p>Create a National Freight and Supply Chain Strategy with industry to identify how to decarbonise freight transport, while improving the efficiency and competitiveness of our supply chain.</p> <p>Implement the New Zealand Rail Plan to foster resilience in the rail network and provide a platform for future investment for growth. Investigate ways to encourage greater use of coastal shipping. Support industry to buy low-emission heavy vehicles with standards and incentives.</p> <p>Work with the air transport industry on</p>	Continue to support uptake of low-emission heavy vehicles. Begin implementing opportunities identified to reduce freight, rail, aviation, and maritime emissions.	

Focus area	Transport targets	Budget 1 (2022–25)	Budget 2 (2026–30)	Budget 3 (2031–35)
		<p>opportunities to reduce aviation emissions, including investigating the feasibility of sustainable aviation fuels in New Zealand.</p> <p>Draw up a national action plan to reduce maritime emissions and set targets for low-emission shipping.</p> <p>Introduce a sustainable biofuels mandate. Plan for large-scale rollout and investment in EV charging infrastructure and investigate support for clean fuels.</p>		

What we are doing now

We have already begun to lay the groundwork to reduce emissions. This includes the key policies we have already committed to, listed below.

Table 7: Key transport policies we have committed to

Policy	Purpose	Estimated emissions reduction for 2022–25
Clean Car Standard (implementation in 2022)	Support a cleaner vehicle fleet by improving the efficiency of imported new and used light vehicles. This will be strengthened over time.	74,700 tonnes ²³
Clean Car Discount (implementation underway)	Support New Zealanders to buy cleaner vehicles by addressing their high upfront cost through incentives. From 1 January 2022, a charge on high-emitting vehicles will apply at point of first registration in Aotearoa, to discourage purchase.	68,600 tonnes ²⁴
Transitioning to a low-emissions Government fleet (implemented)	Clean up the Government's fleet by reducing its number of vehicles, and choosing electric or hybrid vehicles unless operational requirements prevent this.	Already incorporated in the Clean Car package.
Low-Emissions Transport Fund (LETf) (scope and funding increased from 2021)	Support industries and groups to demonstrate and adopt low-emission transport technology, vehicles, innovation and infrastructure with co-funding.	Not available
Extending the light EV exemption from road user charges to 2024	Continue to encourage New Zealanders to buy light EVs.	25,300 tonnes

²³ Emissions reduction estimates are obtained using the Ministry's revised baseline with NZ ETS ceiling prices, obtained from the Ministry for the Environment based on the Climate Change Commission's final report *Ināia tonu nei: a low emissions future for Aotearoa*.

²⁴ Ibid.

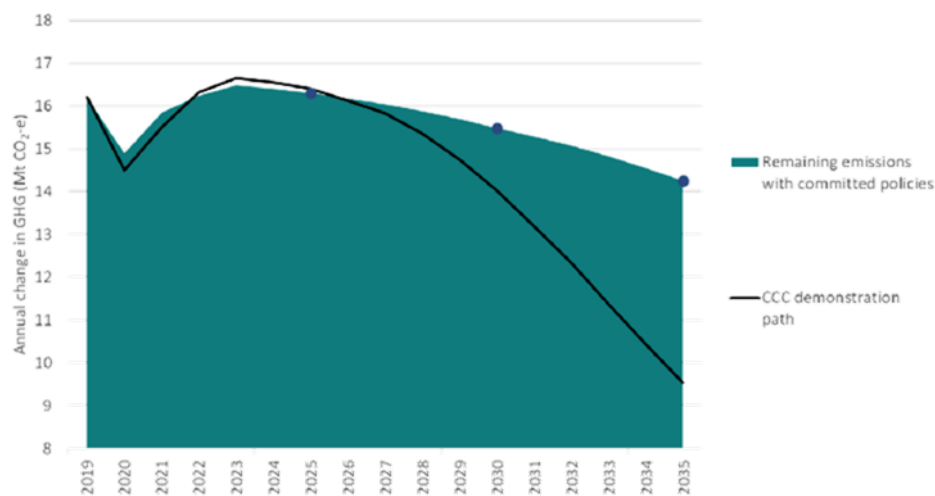
Policy	Purpose	Estimated emissions reduction for 2022–25
Zero-emission vehicle (ZEV) mandate	Government has created a mechanism to ensure there are a minimum percentage of ZEVs in the imported light vehicle supply. This will be used if the Clean Car Standard and Discount do not prompt sufficient supply of ZEVs.	Not available
Extending heavy EV exemption from road user charges	To encourage businesses to buy heavy EVs, we are looking to amend current legislation (the Road User Charges Act 2012) to expand the length of time that heavy EVs are exempted from paying RUC and to enable differential charging based on fuel or emissions.	Not available
Decarbonising public transport	To reduce emissions and improve air quality in our towns and cities, we have committed to requiring only zero-emissions public transport buses to be purchased by 2025, and to a target of decarbonising the public transport bus fleet by 2035.	51,400 tonnes
The New Zealand Rail Plan (Rail Plan)	The Rail Plan lays out a 10-year vision to support increased investment and resilience in the rail network.	Not available
Coastal shipping investment	Allocates \$30–45 million from the National Land Transport Fund to identify opportunities for coastal shipping and enable mode-shift to this lower emissions mode.	Not available
Annex VI of the International Convention for the Prevention of Pollution from Ships (MARPOL)	Aotearoa will ratify this Annex in 2022 and apply new measures to reduce ship emissions. We have agreed to prepare a national action plan to reduce maritime emissions, and research ways to speed the uptake of alternative low- and zero-carbon fuels for shipping.	Not available

Transport is on track for the first budget period

Under high NZ ETS price conditions²⁵ the cumulative impact of the Clean Car package, progress on decarbonising the public transport bus fleet, and RUC exemption policies, is 0.22 Mt over the 2022–25 period. Along with changes in the vehicle fleet's profile and fuel efficiencies over time, these policies are estimated to achieve the change in emissions needed to meet the Commission's first emissions budget for transport (see figure 5). This is a good start and will also mean that more New Zealanders have access to low-emission vehicles, which are cheaper to run, and improve air quality.

However, these policies alone are not sufficient to achieve budget 2 and 3 (as shown by the Commission's demonstration path). This gap needs to be addressed with further action in the first budget period. Deferring action risks locking in emissions-intensive transport patterns that will make it even harder and more expensive to reduce emissions at the scale and pace required in the future.

²⁵ High ETS price conditions that were modelled by the Ministry of Transport reflect the price path used in the Climate Change Commission's modelling and are higher than the baseline ETS price settings

Figure 5: Transport emissions with committed policies

Potential measures

Significant new measures are required to put us on track to achieve the emissions reduction required from transport for budgets 2 and 3.

We are consulting on **four new transport targets**, which cover the key areas where change is required to put us on a pathway to zero carbon by 2050.

Four transport targets

1. Reduce vehicle kilometres travelled (VKT) by cars and light vehicles by 20 per cent by 2035 through providing better travel options, particularly in our largest cities.
2. Increase zero-emissions vehicles to 30 per cent of the light fleet by 2035.
3. Reduce emissions from freight transport by 25 per cent by 2035.
4. Reduce the emissions intensity of transport fuel by 15 per cent by 2035.

Achieving these targets will generate a 41 per cent reduction in transport emissions by 2035 from 2019 levels, as suggested by the Commission. It also means that New Zealanders will have better transport choices, cleaner and more efficient vehicles, and a safer and more resilient transport network. It will also have a significant impact on the liveability of our cities and towns, with less congestion and improved air quality.

Achieving these targets does depend on complementary policies, such as a strong ETS price, and changing the way we plan our towns and cities (see [Planning](#)). In addition to enabling sustainable transport choices now, immediate planning and investment is also needed to signal and start building the infrastructure needed to achieve deeper emissions cuts later.

To reach the targets, we must work with key partners to take some initial actions in the first budget period. Further actions, and refinement, will be needed in budget 2 and 3 depending on how we are tracking.

Focus 1: Reducing reliance on cars and supporting people to walk, cycle and use public transport

Transport target 1: Reduce vehicle kilometres travelled (VKT) by cars and light vehicles by 20 per cent by 2035 through providing better travel options, particularly in our largest cities.

The amount of travel that people do in fossil-fuelled vehicles is at the heart of the transport emissions challenge. We cannot rely on just decarbonising the vehicle fleet quickly. Offering better options and managing demand to reduce VKT by cars is vital. Most of this reduction must be in our largest cities, where people are more likely to have other choices.

Encouraging the uptake of public transport, walking, and cycling and managing demand on the transport network offers significant benefits beyond reducing emissions. This includes improved travel choice and accessibility, better health and safety, and less congestion.

This ambitious VKT target will require the Government to also address the broader systems that affect transport, such as urban development and land-use planning.

Initial actions

Integrate land-use, urban development and transport planning and investments to reduce transport emissions

To reduce transport emissions and support thriving towns and cities, we need to prioritise urban development in areas with frequent existing or planned public transport services. This was highlighted in the [Planning](#) section, which discussed how strategic planning and investment can reduce emissions by supporting medium- and high-density mixed-use development oriented around public and active transport. This requires better integration of land-use, urban development and transport planning and investments.

In the first budget period, we will:

- require transport emissions impact assessments for urban developments and factor these into planning decisions, with requirements to avoid, minimise and mitigate transport emissions impacts
- ensure that emissions reduction (through better urban form and the provision of transport infrastructure) is enabled through the reform of the resource management system, particularly the proposed Spatial Planning Act.

The transport system needs to complement and support this by ensuring that transport plans and future investments strongly prioritise travel by public transport, walking, and cycling. This applies to both existing and new urban areas. This will accommodate more people and businesses in our cities, without causing ever-increasing congestion and emissions.

Implement mode-shift plans for our largest cities and begin planning for other urban areas

The Commission recommends setting targets and implementing plans to substantially increase walking, cycling, public transport, and shared transport.

In the first budget period, we will provide New Zealanders with better travel choices by implementing the mode-shift plans we have for six of our largest/high-growth cities in

partnership with local government.²⁶ This includes Auckland, Tauranga, Hamilton, Wellington, Christchurch, and Queenstown.

At the same time, we will review how well aligned these plans are with meeting a national 20 per cent reduction in VKT by light vehicles by 2035. We will then revise the plans to ensure they reduce emissions at the scale and pace necessary to achieve the VKT target. Planning will also start for other urban areas.

The new and revised plans will set mode-shift targets for each urban area and prioritise:

- urban development in areas with frequent public transport routes
- using transport demand management approaches, alongside changes to the way we plan and manage urban form
- reallocating significant amounts of road/street space to rapidly deliver more dedicated bus lanes and safe separated bike/scooter lanes
- completing connected cycle networks
- more traffic-calming and low-traffic neighbourhoods
- improving footpaths/crossings for pedestrians.

The review of the resource management system and development of a more streamlined approach to strategic planning offers an important opportunity for the Government to improve the role and weight that Regional Land Transport Plans (RLTPs) carry in the transport planning system. To help give effect to regional spatial strategies and encourage a more strategic approach to the transport planning necessary to deliver mode-shift across a region, we will review how the role of RLTPs could be clarified and strengthened further. This will be an important tool in giving effect to mode-shift plans and other strategies developed by local government to deliver on mode-shift targets.

Improve the reach, frequency and quality of public transport

We need to provide New Zealanders with better public transport to achieve the VKT target. Most submissions on *Hikina te Kohupara* supported increasing the share of travel by public transport in towns and cities.

Well-integrated networks of public transport services can significantly increase levels of access between communities, and are vital for connecting employers to labour markets, and individuals to social and economic opportunities.

Public transport can provide the backbone for our cities to grow in a way that avoids emissions from new development.

We also need to provide better travel choices in New Zealand's regions and rural areas, including by public transport. Too many parts of regional New Zealand are only accessible by private vehicle.

²⁶ Waka Kotahi NZ Transport Agency. [Keeping cities moving](#). 2019. Wellington: Waka Kotahi NZ Transport Agency.

In the first budget period, we will:

- establish a clear set of principles for planning and funding different kinds of public transport, within and between towns and cities, to enable the development of a national public transport network
- progress towards delivery of Auckland light rail along the city centre to Māngere corridor; as signalled in the Auckland Transport Alignment Project, this will be the first of three new mass transit corridors in Auckland
- work with Auckland to agree a plan for the development of Auckland's rapid transit network for the next 30 years
- progress Let's Get Wellington Moving, including the delivery of bus priority measures and the planning of mass rapid transit
- progress work with local government in Greater Christchurch on a mass rapid transit network, together with increasing public transport capacity
- plan for and substantially increase investment in urban public transport nationwide; this includes commuter rail networks in Auckland and Wellington, and a major uplift in all urban bus networks
- deliver national integrated ticketing for public transport
- complete the review of the Public Transport Operating Model and implement any reforms to the planning and procurement of public transport
- develop clearer guidance on the viability of interregional passenger rail, coach, and bus services, and improve the way these projects are planned, funded, and delivered.

Provide national direction to deliver a step-change in cycling and walking rates

There are major opportunities to reduce emissions while also improving public health, and to make streets more inclusive for people, by making it safer and easier to travel by foot, bike/scooter, and other active modes. This was supported by the majority of submitters on *Hikina te Kohupara*.

In the first budget period, we will:

- deliver a strategy to boost cycling, and a strategy to boost walking (recognising that cycling and walking are separate modes)
- substantially increase funding for cycling and walking improvements
- link new funding with clear expectations and funding criteria
- implement Accessible Streets proposals nationwide to support safe walking, cycling/scooting and other active modes
- provide support for local authorities to boost capabilities in designing and delivering cycling/scooting and walking improvements at speed.

Support local government to accelerate widespread street/road reallocation to support public transport, active travel and placemaking

Street/road reallocation, such as providing dedicated bus lanes and bike/scooter lanes, can be a quick and cost-effective way to support people to use public transport, or walk and cycle. Submitters on *Hikina te Kohupara* strongly supported widespread street space reallocation to support walking, cycling, scooting and public transport. We need to support local government to make these changes.

In the first budget period, we will:

- make regulatory changes to streamline public consultation requirements and make it easier for councils to trial street/road changes that support travel by public transport, walking, and cycling, including low-traffic neighbourhoods.
- Work with Waka Kotahi to rapidly change streets nationwide that promote multimodal transport
- investigate changes to policy and funding settings to ensure that Waka Kotahi and road-controlling authorities maximise opportunities to 'build back better' when doing street renewals, to better utilise road space for multimodal transport
- give extra support for community programmes promoting street reallocation.

Making school travel greener and healthier

Making walking and cycling/scooting to and from schools safer for children can improve access, reduce road and parking congestion around schools, contribute to positive health outcomes, improve local air quality, and reduce emissions.

We will work with local government and private business operators to:

- improve walking and cycling infrastructure to/along school routes and in surrounding neighbourhoods
- explore dedicated active transport funding and/or education programmes to schools, including funding for school bike-leasing schemes or biking education classes.
- implement the Tackling Unsafe Speeds programme to reduce speed limits around schools and encourage active travel
- improve school bus services.

Improve access and travel choice for the transport disadvantaged

Low-income households spend a larger share of their budget on transport – particularly on their cars. They also tend to be in areas with poorer transport choice. In addition to poor environmental outcomes, the status quo is not providing safe, healthy or equitable access to transport for many. We must provide equitable access as part of the transition to a zero-emissions transport system.

In the first budget period, we will:

- improve public transport and active travel networks in low-income or low-socioeconomic areas (where appropriate, based on population size and distribution), and improving safety for walking and cycling
- monitor and respond to the impacts of transport policy actions on the accessibility and affordability of transport, particularly for lower income households and communities
- improve access and connectivity for people in social housing, investing in public and active transport and supporting car share, carpool, and shared bike/scooter schemes.

Reduce public transport fares

The Commission recommends reducing public transport fares, and many submissions on *Hikina te Kohupara* called for lower cost public transport to make it more competitive with cars. For low-income people, the cost of public transport is a barrier, along with convenience and accessibility.

The Government is currently implementing a three-year Community Connect pilot of a 50 per cent concession to Community Services cardholders in Auckland and will consider rolling this pilot out across Aotearoa. The pilot will inform approaches to reducing public transport fares, focusing on low-income groups.

In the first budget period, we will work with local government to reduce public transport fares, with a particular focus on low-income users.

Investigate the potential for public transport, walking and cycling in rural and provincial areas

Public transport, walking and cycling are often not practical or viable in rural communities and provincial towns. Low and zero-emission vehicles will play a greater role here. However, there is more we can do. Several submissions on *Hikina te Kohupara* highlighted the need for greater consideration of the role of public transport, walking and cycling in rural communities, and the importance of interregional connections.

In the first budget period, we will look at travel options for these areas, particularly for the transport disadvantaged. This could include better public transport to and between rural communities, shared transport/taxi schemes, and street improvements that make it safer to walk and cycle. We will also look at speeding up the rollout of on-demand public transport, noting positive signs from the MyWay trial in Timaru.

Enable congestion pricing and investigate how we can use other pricing tools to reduce transport emissions

The Commission recommends evaluating the role of pricing incentives for transport. *Hikina te Kohupara* noted that a range of pricing mechanisms are integral to the transition, alongside changes to land use and investment in public transport.

Most of the submissions on *Hikina te Kohupara* that commented on transport pricing agreed that it is an important way to change behaviour and reduce emissions. Several noted that pricing tools will affect vulnerable communities, so there is a need for good alternatives or other mitigations as they are implemented. Revenue must be used transparently.

Congestion pricing, and other pricing tools, can have significant benefits beyond reducing emissions. Reducing congestion in our major cities will support economic activity and save New Zealanders time and money.

In the first budget period, we will:

- progress legislation to enable congestion pricing in urban centres, and work with Auckland Council to implement the first phase of congestion pricing based on the Congestion Question report recommendation
- work with Wellington City Council and Wellington Regional Council in response to their requests for congestion pricing
- consider other pricing tools (such as parking management, low-emission zones, and incentives for using public transport, walking and cycling) for urban centres
- ensure regulation enables and encourages local government to use these tools
- look at ways to reduce the equity/distributional impacts of pricing tools

- investigate the potential of a mobility as a service platform, which incorporates the ability to offer subscription packages and incentive payments to encourage the uptake of low-emissions modes
- investigate how pricing can encourage mode-shift and reduce emissions, as part of the Ministry of Transport's review of the revenue system.

Require further roadway expansion and new highways to be consistent with climate change targets

Hikina te Kohupara noted that central and local government will need to review investment in urban highways and road expansion. These projects could induce more private vehicle travel. Submissions on *Hikina te Kohupara* supported this view and suggested that projects should only be funded if they help to reduce transport emissions.

For this reason, we will ensure further investments that expand roads and highways are consistent with climate change targets, and avoid inducing further travel by private motorised vehicles.

In cases where investment in additional network capacity may be warranted (for example, to connect a new medium-density housing area or to a new freight hub), it must be accompanied by parallel and integrated investments that avoid/reduce emissions. This includes, for example, investment in EV-charging infrastructure, road-space reallocation, and improvements to active travel networks and public transport options.

We will continue to maintain a resilient road network, including by managing and reallocating it for the best transport use. Adaptation to climate change will also drive different ways to build and maintain roads. Safety changes will continue.

Focus 2: Rapidly adopting low-emission vehicles and fuels

Transport target 2: Increase zero-emissions vehicles to 30 per cent of the light fleet by 2035

Two-thirds of transport emissions come from the light vehicle fleet.

Decarbonising the light vehicle fleet is critical for meeting our targets. We need to increase the supply of clean vehicles, support New Zealanders to buy low-emissions vehicles, and put the infrastructure in place for their use.

We recently brought in the Clean Car Standard and Discount. This is a significant step towards decarbonising light vehicles, especially those entering the fleet. We will need to take further action to achieve the target.

Initial actions

Implement community-based solutions to make low-emission vehicles (including e-bikes) more accessible for low-income New Zealanders, and others facing transport disadvantage

The upfront cost of low-emission vehicles is a significant barrier for lower income New Zealanders. The Commission recommended that the Government support EV leasing, purchasing and sharing schemes to improve equitable access. Several submitters on *Hikina te Kohupara* supported initiatives to make these vehicles (including e-bikes and e-scooters) more accessible to low-income people and communities.

We will give extra support to implement community-based and Māori-led schemes to make low-emission vehicles (including e-bikes) more accessible – for example, social leasing, shared mobility schemes run by community/iwi/hapū, rent-to-buy or gradual payments, car and bike sharing.

Introduce measures to avoid New Zealand becoming a dumping ground for high-emitting vehicles

A growing number of countries have announced plans to phase out the production and import of ICE vehicles to mitigate climate change and improve local air quality. With many countries phasing out ICEs, there is a risk that unwanted ICEs will end up on our roads. Manufacturers will make choices on where to continue to send ICE vehicles based on government policies. Permitting more ICEs to enter our fleet will result in us retaining a legacy high-polluting fleet for a longer period of time, making it more challenging to achieve future emissions budgets.

Without additional measures, we will become a dumping ground for high-emitting vehicles rejected by other countries – with economic, environmental and health consequences.

Many submitters on *Hikina te Kohupara* supported the Clean Car Standard and Discount, and the eventual phase out of ICE imports, provided reasonable alternatives are available.

The Climate Change Commission recommended setting a time limit on light vehicles with ICEs entering or being manufactured or assembled in Aotearoa as early as 2030. If adopted, there may be benefit in considering a split approach to this to ensure availability of vehicles. For example, from 2030 only plug-in hybrid electric vehicles and conventional hybrids with emissions under a set threshold could be imported, and from 2035 only zero-emission light vehicles could be imported.

Important details such as how or when this change should occur to effectively manage the transition need to be addressed. For example, to ensure people have access to the vehicle type they need, ICE vehicles should only be phased out if alternative zero-emission vehicles in the same vehicle class are available.

Set a maximum CO₂ limit for individual light ICE vehicle imports to tackle the highest emitting vehicles

To complement the Clean Car Standard and Discount, we are proposing a maximum CO₂ limit for individual light vehicles imported into Aotearoa. This would specify the grams of CO₂ per kilometre threshold for light vehicle imports. This would apply until made redundant by a phase out of light ICE vehicle imports.

The Clean Car Standard reduces the average vehicle emissions of the fleet of vehicles imported. However, it does not prevent highly polluting vehicles from entering the fleet, as it allows these vehicles to be offset by low-emission vehicles. The limitation of this approach is that the highest emitting vehicles tend to be driven more, which means they create significantly more emissions. The highest emitting light vehicles – with some exceptions – tend to be luxury vehicles rather than vehicles providing a significant productivity benefit over lower emissions options (for example, towing capability).

Investigate how the tax system could support clean transport options

Aspects of the current tax system may be creating financial incentives that could be working against reducing transport emissions. The Commission recommended that the Government

determine how the tax system be used to discourage the purchase of ICE vehicles and support the adoption of low-emissions vehicles.

Several submitters on *Hikina te Kohupara* highlighted ways to encourage mode-shift and low-emission vehicles (including changes to the Fringe Benefit Tax). We are reviewing aspects of the tax system to ensure low-emissions vehicles and transport options are not disadvantaged.

Introduce a vehicle scrappage scheme to support low-income New Zealanders' shift to low-emissions transport

We are already ensuring the vehicles entering Aotearoa have progressively lower emissions. However, transport decarbonisation will stall unless low-income New Zealanders can buy them, or access them through convenient and affordable alternatives, like EV car-share services. We need measures in place to make sure all New Zealanders can benefit from the move away from high emitting vehicles.

To make quality cleaner vehicles more accessible, we will introduce a vehicle scrappage scheme for low-income New Zealanders, similar to California's Clean Cars 4 All initiative. This scheme could have income-tiered rebates, coupled with financial support for the installation of home EV charging. It could also offer financial incentives for people to opt for low-emission alternatives, such as bicycles, rather than replacing their vehicles.

Partner on solutions to supply constraints for low-emissions vehicles

The Commission recommends exploring bulk procurement of EVs. The supply of new and used low- and zero-emissions vehicles (light and heavy) is likely to remain tight in the 2020s. We are setting up a clean vehicle sector leadership group to tackle this issue alongside industry – finding new ways to aggregate, coordinate and communicate demand for vehicles. We will use this to find ways to improve the availability and price of low-emissions vehicles for New Zealanders.

Determine whether there are legislative barriers to the use of some types of low-emission vehicles

Globally there are different types of electric light vehicles that might be suitable for short-distance low-speed use, but current regulations do not permit their use on the road here. In the first budget period, we will determine how we can allow these vehicles into the national fleet, without unduly compromising safety or other objectives. This could include making amendments to the Land Transport Act 1998 and several land transport rules.

Focus 3: Beginning work now to decarbonise heavy transport and freight

Transport target 3: Reduce emissions from freight transport by 25 per cent by 2035

Reducing emissions from freight transport will be critical for achieving a 41 per cent reduction in transport emissions by 2035. Heavy vehicles, most of which are for freight, emit almost a quarter of our transport emissions.

We will work with industry to find the best ways to reach this target. In the short term, we will also speed up the decarbonisation of trucks and other heavy vehicles.

Initial actions

Accelerate the decarbonisation of trucks

The Commission recommends the Government support demonstration and pilot projects for low-carbon heavy vehicles and provide targeted support to increase their uptake. Several submitters on *Hikina te Kohupara* noted the challenges and limited options for decarbonising heavy trucks.

In the first budget period, we will consider the options to reduce truck emissions, set out in the Ministry of Transport's [Green Freight Strategic Working Paper](#).²⁷

- fuel-efficiency standards for trucks
- more funding – for example, through the LETF – to support industry to purchase zero- and low-emissions trucks
- investment in infrastructure for green fuels and fast-charging heavy vehicles
- green freight procurement through third-party contractor rules for government activities.

We will also consult on using the RUC system to differentially charge by fuel type/emissions.

Develop a Freight and Supply Chain Strategy

The Commission recommends that the Government develop a national low-emission freight strategy. Several submitters on *Hikina te Kohupara* underscored the challenges with decarbonising the freight system, and the need to consider the entire supply chain. We need to combine new investment with effective pricing, other incentives and planning.

In the first emissions budget, the Ministry of Transport will develop a Freight and Supply Chain Strategy with industry. This will provide a better understanding of the system and how it can help us reach several outcomes – including decarbonisation. This includes exploring ways to encourage mode-shift to rail and coastal shipping. We will then consider what actions we should take in the second and third budget periods.

Developing a freight and supply chain strategy will also highlight opportunities to improve the efficiency and competitiveness of the freight system.

As our capacity to build infrastructure will remain constrained, this strategy will also signal a long-term investment pathway for infrastructure that supports freight decarbonisation.

Implement the New Zealand Rail Plan (the Rail Plan) and investigate options to encourage greater use of coastal shipping

In April 2021 we committed to implementing the Rail Plan. This 10-year vision will foster resilience in the rail network, restoring rail freight and providing a platform for future investment for growth.

Rail contributes to national and regional economic growth, reductions in emissions and congestion, and has the potential to reduce road deaths and injuries, facilitate wider social benefits, and provide resilience and connection between communities.

²⁷ Ministry of Transport. [Green Freight Strategic Working Paper](#). 2020. Wellington: Ministry of Transport.

Implementation of the Rail Plan will be carried out the first and second budget period, with significant funding already allocated to rail. This investment will lay the groundwork to future investment or other interventions to support growth in rail freight in the third budget period. Moving freight to low-emissions modes such as rail will be a greater initial priority than improving their emissions performance.

There are also opportunities for significant mode-shift to coastal shipping. Waka Kotahi will invest in supporting coastal shipping, allocating \$30–45 million over the next three years.

The Freight and Supply Chain strategy will explore further opportunities to support mode-shift to lower emissions freight modes.

Investigate ways to reduce aviation emissions²⁸

The Commission recommends undertaking a detailed study into the use of low-carbon fuels for aviation. Submitters on *Hikina te Kohupara* expressed a range of views on decarbonising aviation. Many called for more ‘avoid’ and ‘shift’ interventions to reduce flying. The aviation sector supported a public-private, cross-agency advisory body focused on aviation decarbonisation, and government investment in sustainable aviation fuel.

In the first emissions budget period, we will:

- work with the air transport industry to investigate the feasibility of sustainable aviation fuels in Aotearoa, to complement the Sustainable Biofuels Mandate
- support the establishment of an industry-led advisory body on decarbonising aviation
- develop the policy and regulatory settings required to support the development of zero-emission aircraft.

Coaches and trains are an alternative to interregional air travel in some places. Increasing the number, efficiency, and quality of such options could reduce emissions, as could communications technology. Investment in rapid rail could help to provide a replacement to interregional air travel for longer distances, however there are still likely to be a number of flights through domestic aviation, meaning improving its sustainability is also important.

Air travel connects us within Aotearoa and to the world. It also provides for people who can’t use other modes for long-distance trips, for medical, business or other reasons. We must reduce the aviation fleet’s emissions domestically and internationally.

Investigate ways to reduce maritime emissions²⁹

The Commission recommends undertaking a detailed study into the use of low-carbon fuels for shipping. We have already agreed to draw up a national action plan to reduce maritime emissions. This will include looking at low-carbon and zero-carbon fuels, and the development of standards for shipping. We will need to work with the maritime sector to understand the challenges and opportunities to decarbonise shipping.

In addition, we will set the following targets for reducing maritime emissions:

- all new small passenger, coastal fishing, and recreational vessels to be zero emissions by 2035

²⁸ This covers aviation for both freight and passengers.

²⁹ This covers maritime for both freight and passengers.

- all new large passenger, cargo and offshore fishing vessels to meet highest carbon intensity reduction, as set by the International Maritime Organization, by 2035
- work towards net zero-carbon shipping on key trade routes by 2035.

Transport target 4: Reduce the emissions intensity of transport fuel by 15 per cent by 2035

We need to take action to reduce emissions from the fuels used for transport. Lower carbon liquid fuels, such as biofuels, will play a role, alongside electrification, the use of hydrogen and other technology. Lower carbon liquid fuels are one of the best options for vehicles already in use, and for challenging modes such as aviation.

Introduce a sustainable biofuels mandate

As recommended by the Commission, we will introduce a Sustainable Biofuels Mandate to help overcome the cost and risk barriers facing biofuels. This will require liable fuel suppliers to reduce emissions of the liquid transport fuels they supply in Aotearoa by a set percentage each year.

Initially this will be through the supply of biofuels, though there is opportunity to expand the mandate to include other low-emissions fuels over time. We consulted on the mandate in June–July 2021. We will also consider additional support to encourage domestic production of biofuels, which would benefit regional economies.

Presently, the proposed emissions reduction targets are 1.2 per cent, 2.3 per cent, and 3.5 per cent for years 2023, 2024, and 2025 respectively. These initial percentages have been kept purposefully low to allow fuel suppliers time to adapt to the mandate, and to source and establish reliable sources of sustainable biofuels supply.

Raising these annual emissions reduction targets over time would generate further emissions reductions from transport fuels. Setting a higher level of ambition will require careful consideration of biofuels supply, including reliable feedstock sources. The Government will work closely with industry and fuel suppliers to ensure sustainable biofuels will be deployed to maximum benefit.

Produce a national EV infrastructure plan³⁰

Rapid uptake of EVs will rely on the infrastructure being in place to support them. The Commission recommended enhancing the rollout of EV-charging infrastructure. Many submitters on *Hikina te Kohupara* expressed concerns about charging infrastructure for EVs.

The Ministry of Transport, Ministry of Business, Innovation, and Employment (MBIE), the Energy Efficiency and Conservation Authority (EECA) and Waka Kotahi are drawing up a national EV infrastructure plan. This will:

- serve the 30 per cent of the light vehicle fleet that we expect to be zero-emissions by 2035
- give consumers confidence to switch to low- and zero-emissions vehicles.

We have already co-funded many rapid/fast public charging stations, forming a nationwide network for the current EV fleet. The expanded LETF will support this rollout.

³⁰ This covers infrastructure for both light and heavy vehicles.

As we achieve mass uptake of light EVs, we will need further investment and regulation to ensure good access to charging infrastructure. Another consideration is providing information and direction to inform required upgrades to the electricity network.

The plan will also consider whether requirements for EV charging infrastructure should be included in new developments. Continued work is also required on standards, information, and payment systems to ensure interoperability across the EV network.

Cross-cutting measures

Develop a strong evidence base

Government will invest in widening the evidence base to support the equitable transition to a zero-carbon transport system, and ensure these policies and measures are effective in the Aotearoa context. A better understanding of travel accessibility, preferences and behaviour across all user groups and modes will aid the development, assessment and modelling of future policies. The evidence base will support the monitoring and evaluation of the future state, to understand the impact of policies. This base will be integral to shaping current and future policies.

We are also consulting on a proposed mandatory energy and greenhouse gas emissions reporting scheme to address current data gaps on New Zealand's energy use and associated emissions. The proposed scheme would require large energy users including transport companies to report their energy use and associated emissions to Government and the public. More information about the proposed scheme and consultation questions can be found in the [Energy and Industry](#) chapter.

Embed long-term planning

Transport investments have long lives that affect our communities. We will set a longer-term planning horizon, with a pipeline that can change when needed. This will give greater confidence that we're on a path to eliminate emissions and achieve other goals.

The Ministry of Transport is using the Generational Investment Approach to guide planning through to 30–50 years out. It is applying this with partner agencies, through cross-system strategies such as the National Supply Chain and Freight Strategy.

Information and education to support change

Transport will be one of the first areas to make significant changes to reduce emissions. This will affect our people, communities and businesses nationwide. We will invest in information and education to support and encourage people and businesses to change their behaviour, while recognising that the biggest barrier is often a lack of good transport options. We will work across sectors to ensure consistent messages and actions.

Skills and capability

People in the transport sector will need to develop new skill sets, and in some cases, retrain. For example, we expect a need to upgrade skills and capacity in high-end engineering, modelling and analysis, and changing skills in automotive trades and services. We will signal what the transport workforce might look like, and work with industries to plan for transitions.

Making an equitable transition

The current transport system is inequitable. Māori, Pasifika, disabled people, lower income households, older people, children, and rural communities are often underserved. They are also overburdened by related impacts such as deaths and serious injuries from transport, and air and noise pollution.

There are major opportunities to make society more inclusive and equitable, by transitioning to a zero-carbon transport system. By 2050 most urban residents, including those in social housing, could live within walking/biking distance of schools, shops, parks, and amenities. They could have good access to convenient public and shared transport for longer trips, such as to/from jobs and to visit whānau.

Many people and products will still travel by cars, vans, trucks and other vehicles. However, people and businesses will not be vulnerable to fluctuating oil prices and higher petrol prices. Cleaner vehicles will reduce air and noise pollution, reducing the disease burden on many communities.

While the vision for transport in 2050 is generally positive, specific effort will be needed to make this transition an equitable one. We must ensure that transport/access is still affordable. Cleaner vehicles will become more affordable over time, supported by initiatives to speed their uptake. We will also need to support community solutions to make low-emissions vehicles more accessible for low-income New Zealanders.

To progress some pricing tools, such as road/congestion charging, we must help communities to access a range of affordable low-emissions transport options. We will consider redirecting revenue from emission-lowering interventions into subsidies for disadvantaged groups, to help them afford lower emission alternatives.

We may need to consider interventions that go beyond the transport system. For example, locating social housing in urban areas well served by public transport, making school bus services (procured by the Ministry of Education) available for more students in remote/rural areas, and broader initiatives to reduce poverty and increase household income for low-income people.

We will also seek to mitigate the distributional impacts on different sectors and industries, including energy, agriculture, freight and tourism. We will help industries to adapt and overcome the challenges of the transition, and to capitalise on opportunities.

Impact on emissions

Figure 6: Potential emission reductions for each focus area, compared to 2019

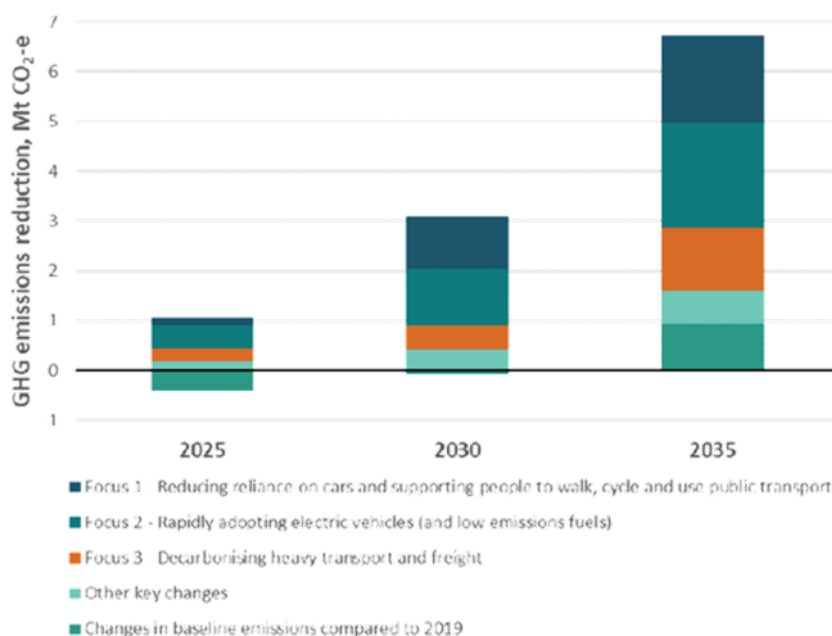


Figure 6 illustrates how each focus area can contribute to achieving a 41 per cent reduction in transport emissions by 2035 (or 6.7 mega-tonne reduction) from 2019 levels.

Baseline changes include the effects of growth in the vehicle fleet and electrification of the vehicle fleet under business as usual. Other key changes include the impact of the NZ ETS price on electrification and travel. Focus areas 2 and 3 both include the impact of alternative fuels (for example, biofuels).

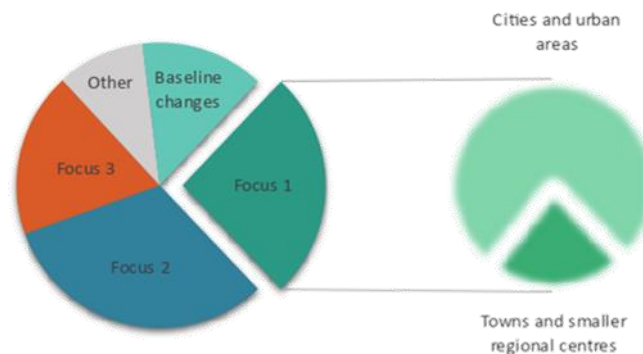
Achieving this level of emission reduction will require significant and sustained action across all focus areas.

Focus 1 – Reducing reliance on cars and supporting people to walk, cycle and use public transport

When it comes to reducing reliance on cars and supporting people to walk, cycle and use public transport, we support taking a place-based approach. Each place in Aotearoa is unique, with different requirements and potential to support mode-shift and reduce VKT by light vehicles. Local government is often best placed to make the decisions that will deliver the practical changes required, as well as ensuring local communities and businesses are engaged.

Our cities – particularly our largest- and fastest-growing cities – will need to contribute more to reducing VKT by light vehicles. This is because it is more viable to support people in cities to walk, cycle and use public transport (as illustrated below in figure 7).

Figure 7: Focus 1 – the potential relative contribution of cities and urban areas vs towns and smaller regional centres to reducing VKT by light vehicles by 2035



We will work with local government to implement mode-shift plans for each major urban area that include targets to rapidly increase walking, cycling, public and shared transport. While each plan will differ depending on the requirements of each place, they will need to align with meeting a national target to reduce VKT by light vehicles by 20 per cent by 2035. We will support these plans with significant investment and regulatory changes.

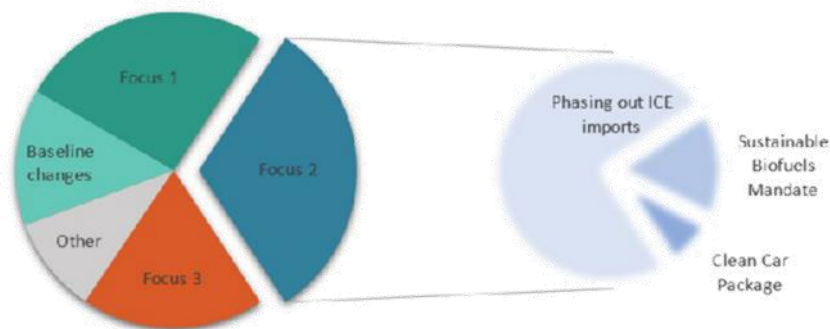
Key assumptions

- We have made assumptions about the impact land-use changes (such as increasing the mix and density of urban development), public transport, walking and cycling improvements, and pricing mechanisms (such as congestion pricing) can have on the way people travel. This is based on research used in *Hikina te Kohupara* and what we heard from submissions.
- We have assumed that cities have more opportunity and will take more action to support mode-shift and reduce VKT by light vehicles. We have acknowledged in these estimates that more rural areas have limited opportunities to reduce light vehicle travel.

Focus 2 – Rapidly adopting low-emission vehicles and fuels

Most of the emission reduction required for Focus 2 can be achieved through implementing the Clean Car package, introducing measures to avoid New Zealand becoming a dumping ground for high-emitting vehicles rejected by other countries, and introducing a sustainable biofuels mandate (figure 8 illustrates what this split could look like). However, additional measures are required to ensure these actions are effective and deliver equitable access. This includes investment and support for EV-charging infrastructure, which will give consumers confidence to switch to low-emission vehicles, and targeted support to make low-emission vehicles accessible for low-income New Zealanders.

Figure 8: Focus 2 – the relative impact of actions to decarbonise light vehicles on emissions by 2035



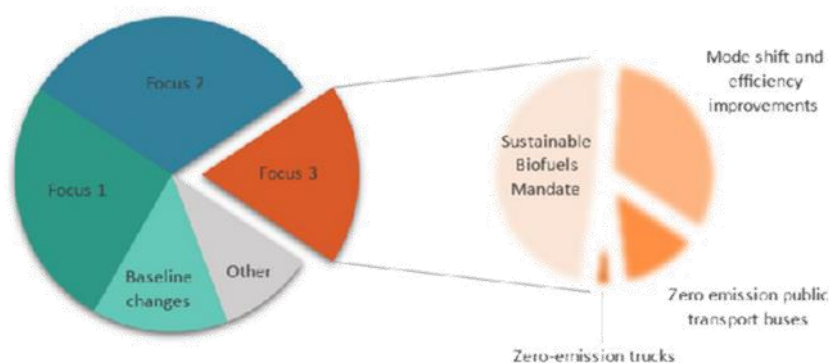
Key assumptions

- The impact of Focus 2 is based on achieving a 20 per cent reduction in VKT by cars and light vehicles by 2035 (as outlined in Focus 1). This reduces the number of light vehicles and the amount of fuel that we need to decarbonise.
- The supply of low-emission vehicles in Aotearoa matches the demand created by these actions.
- The impact of the sustainable biofuel mandate may be split differently between light and heavy vehicles. The mandate is an emissions-targeted mandate, which means that fuel suppliers can meet the target through replacing any fossil fuel consumed domestically with biofuel to achieve the targeted emissions reduction. As a result, we may see more emissions reductions from biofuel for light vehicles and fewer reductions for freight transport – or vice versa.

Focus 3 – Decarbonising heavy transport and freight

Significant emission reduction will be achieved for Focus 3 through introducing the sustainable biofuels mandate (figure 9 illustrates the potential approximate source of emissions reductions for focus 3). The development of a freight and supply chain strategy with industry will help to identify the best options for reducing the remaining emissions. We have assumed this will be a combination of decarbonising trucks (for example, increasing the uptake of electric or hydrogen trucks), mode-shift to rail and coastal shipping, and efficiency improvements. In addition, public transport bus electrification will play an important role, as the size of the fleet grows to cater for more public transport use.

Figure 9: Focus 3 – the relative impact of actions to decarbonise heavy transport and freight on emissions by 2035



Key assumptions

- We have made assumptions about the level of emission reductions that can be achieved through increasing the uptake of low-emission trucks, improving efficiency, and shifting freight to rail and coastal shipping. This is based on what we heard from submitters on *Hikina te Kohupara*. The strategy will help us to work with industry more closely on what the best options are to reduce emissions from freight transport.
- As noted in Focus 3, the impact of the sustainable biofuel mandate may be split differently between light and heavy vehicles. The mandate is an emissions-targeted mandate, which means that fuel suppliers can meet the target through replacing any fossil fuel consumed domestically with biofuel to achieve the targeted emissions reduction. As a result, we may see more emissions reductions from biofuel for light vehicles and fewer reductions for freight transport – or vice versa.
- Maritime and aviation emissions are not included in these estimates. However, we have included several actions to begin reducing emissions from these sectors.

QUESTIONS

We are proposing **four new transport targets** in the emissions reduction plan, and are seeking your feedback.

52. Do you support the target to reduce VKT by cars and light vehicles by 20 per cent by 2035 through providing better travel options, particularly in our largest cities, and associated actions?
53. Do you support the target to make 30 per cent of the light vehicle fleet zero-emissions vehicles by 2035, and the associated actions?
54. Do you support the target to reduce emissions from freight transport by 25 per cent by 2035, and the associated actions?
55. Do you support the target to reduce the emissions intensity of transport fuel by 15 per cent by 2035, and the associated actions?
56. The Climate Change Commission has recommended setting a time limit on light vehicles with internal combustion engines entering, being manufactured, or assembled in Aotearoa as early as 2030. Do you support this change, and if so, when and how do you think it should take effect?
57. Are there any other views you wish to share in relation to transport?

Energy and industry

Why reducing emissions from energy and industry matters

The energy and industry sectors are important for our lives and our economy, from providing electricity to light and heat our homes and workplaces, to providing the heat to produce steel for building our homes, factories and offices. Their performance affects the prices and quality of many goods and services we use on a daily basis, and the competitiveness of businesses.

Aotearoa is well positioned to tackle emissions in the energy and industry sectors due to our high level of renewable electricity – but we must do more. Speeding up the rollout of renewable electricity generation will be a key factor in replacing fossil fuels in other sectors. Improving energy efficiency, scaling up provision of low-emissions energy sources such as bioenergy and hydrogen, and managing the phase down of fossil fuel use will also be crucial to achieving our net-zero target by 2050.

As the sectors transition over the next 30 years, we must ensure that:

- energy remains accessible and affordable to support the wellbeing of all New Zealanders
- energy supply is secure, resilient and reliable throughout the transition and beyond
- energy systems support economic development and productivity growth aligned with the transition.

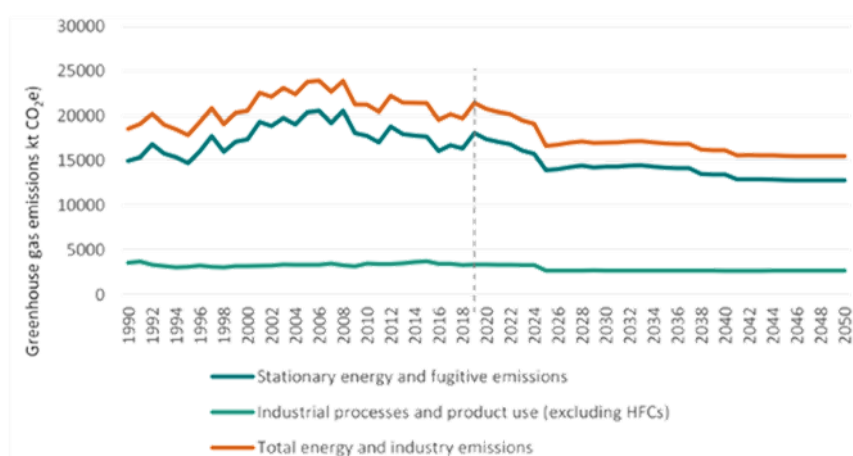
A combined effort from all New Zealanders is required to reduce emissions and build a secure, affordable and sustainable energy system that supports our wellbeing. Government, businesses and communities all have an important role to play.

In 2019, emissions from these sectors made up 26 per cent of our total gross greenhouse gas emissions. This includes:

- emissions from stationary energy combustion, including from electricity generation, process heat, and residential and commercial energy use (19.8 per cent total greenhouse gas emissions)
- fugitive emissions, including from oil and gas venting and flaring, and geothermal operations (2.1 per cent of total greenhouse gas emissions)
- emissions from industrial processes and product use (IPPU), including production of aluminium, cement and steel but excluding hydrofluorocarbons (HFCs) (4.1 per cent of total greenhouse gas emissions).

These emissions are projected to decrease by 22 per cent from 2019 levels by 2025, 21 per cent by 2030, and 21 per cent by 2035 (figure 10).³¹

Figure 10: Emissions from the energy and industry sectors



How we plan to reduce emissions in these sectors

What we are doing now

The NZ ETS is a key mechanism to reduce emissions in these sectors. A rising carbon price discourages fossil fuel use, through energy efficiency improvements and fuel switching.

Other measures aim to reduce emissions in areas that are not responsive to emissions pricing due to market or other barriers, to unlock co-benefits, and to address the distributional impacts of the transition.

The Government's renewable energy strategy work programme (including consultation on MBIE's *Accelerating Renewable Energy and Energy Efficiency* discussion document) has guided work including promoting decarbonisation and investment in renewable electricity generation.

³¹ The stationary energy emissions projection is from MBIE's updated Electricity Demand and Generation Scenarios (EDGS). Since the release of the EDGS in 2019, MBIE has updated the EDGS's Reference scenario to incorporate the impact of COVID-19 in the 2021 projection. This updated projection will be published in *Energy in New Zealand 2021* (forthcoming). The non-energy emissions projection for industrial processes and product use is provided by the Ministry for the Environment.

Initiatives include:

Supporting businesses and industry to decarbonise

- The \$70 million Government Investment in Decarbonising Industry Fund (GIDI) provides funding to support the adoption of energy efficiency and fuel switching to renewable technologies in industry, including electrification and bioenergy. It aims to accelerate industrial heat decarbonisation to catalyse adoption of low-emission technologies, and to contribute to the COVID-19 recovery. Sixteen projects received co-funding from the first round of the GIDI fund to help transition away from fossil fuels. Together, they will make emissions reductions of 3.8 Mt CO₂e over their lifetimes, the equivalent of taking 62,500 cars off the road.
- EECA [business support programmes](#) help businesses and large energy users reduce emissions through providing technical advice and energy services (including energy audits, feasibility studies and support for energy graduates) and co-investing with industry.
- [Technology demonstration](#) funding co-invests with businesses to pilot innovative energy and carbon-saving technologies and process improvements that are yet to be widely adopted in New Zealand.
- The [Energy Transition Accelerator](#) partners with large businesses on customised transition plans to identify investments and actions they can take to reduce emissions.
- The Sustainable Business Network and EECA [Climate Action Toolbox](#) assists small and medium enterprises to act on climate issues.
- EECA's Sector Decarbonisation Programme will support other (non-large emitting) businesses, starting with a pilot with Horticulture NZ.

Accelerating the uptake of energy-efficiency measures and technology

- EECA's GenLess campaign mobilises businesses, communities and individuals to adapt, innovate and undertake actions to reduce their emissions.
- The Warmer Kiwi Homes programme offers insulation and heating grants to homeowners either living in areas identified as low income or who have community services cards. This allows energy to be used more effectively to maintain warmer, dryer homes, and also unlocks significant health benefits.
- Product regulations create a national system for regulating the energy efficiency of appliances and equipment sold in Aotearoa. We recently consulted on a range of proposals to enhance the energy efficiency regulatory system.

Supporting development and use of low-emissions fuels

The Government:

- has developed [A Vision for Hydrogen in New Zealand](#) to outline potential uses of hydrogen in Aotearoa and explore issues around hydrogen use
- [supports hydrogen demonstration projects](#)
- is developing international partnerships, including with Japan and Singapore
- is actively working to ensure that current regulatory settings are fit for purpose to advance the hydrogen industry and support our climate change response
- recently consulted on a [sustainable biofuels mandate](#) (transport), and is developing a Forestry and Wood Processing Industry Transformation Plan (forestry)

- supports industries and groups to demonstrate and adopt low-emission transport technology, vehicles, fuels, innovation and infrastructure with co-funding from the LETF.

Potential and proposed measures

A New Zealand Energy Strategy

Once the emissions reduction plan is in place, we will develop an energy strategy to consider priorities, challenges and opportunities for a successful transition. This is in line with the Climate Change Commission's recommendation for a strategy to decarbonise the energy system and ensure the electricity sector is ready to meet future needs, and responds to suggestions from the energy sector to draw various pieces of work together into an overarching strategy.

The Commission recommended that a strategy:

1. sets targets for the energy system
2. ensures access to affordable and secure low-emissions electricity for all consumers
3. manages the phase out of fossil fuels (including planning for the diminishing use of fossil gas in the energy system, and phasing out coal for electricity generation).

This strategy will need to be considered alongside the Commission's other recommendations (such as a bioeconomy strategy and a plan for decarbonising industry), and existing strategies such as the [New Zealand Energy Efficiency and Conservation Strategy](#) (NZECS).

A first stage will be to determine what an energy strategy could address and how it would define a pathway, as we make the 30-year transition towards our 2050 target. We seek your feedback on this.

Setting targets for the energy system

The Commission has recommended setting a target of 50 per cent of all energy consumed coming from renewable sources by 2035 and treating the existing target of 100 per cent renewable electricity by 2030 as aspirational. The Commission also suggested that the Government could consider replacing the renewable electricity target with a goal of 95–98 per cent renewable electricity by 2030.

The aspirational target of 100 per cent renewable electricity will be reviewed in 2025 before the second emissions reduction plan is put in place. Ultimately Aotearoa will need to move to a more renewable electricity system as we head towards our 2050 target. A review in 2025 allows time for additional information on potential solutions to the dry year challenge identified through the [New Zealand Battery Project](#).

We acknowledge the importance of reducing emissions in the broader energy sector, including through the use of electricity to decarbonise other sectors' energy uses, and increasing the use of low-emissions fuels such as bioenergy and hydrogen. We agree there is merit in setting a renewable energy target, to track progress in the broader energy sector. We seek your feedback on a renewable energy target.

Preparing the electricity system for future needs

The Commission has made a range of recommendations for a low-emissions electricity system that is fit for evolving technology, and for a fast-paced build of low-emissions electricity generation and infrastructure.

The Electricity Authority is seeking feedback on issues relating to the best regulatory environment for the distribution sector to invest efficiently to support the transition to a low-emissions system. Government will also address other potential barriers to connection and operation of more renewable electricity generation, and new demand to the electricity transmission and distribution networks. This is to ensure settings enable independent and distributed generation.

The New Zealand Battery Project is investigating the feasibility of options to manage or mitigate 'dry year' risk in a highly renewable electricity system, and move towards 100 per cent renewable electricity. Phase one investigation is underway. Further work on a second phase would relate to design of preferred options once phase one is completed.

We will also consider whether the existing electricity market can support a shift to a more renewable system over time. Retiring fossil fuel power stations in an orderly fashion will be critical to reducing emissions and maintaining a secure supply of electricity. In line with this work:

- the Government has a manifesto commitment to ban the building of new thermal baseload electricity generation, and will be looking at how we can transition in a managed way to a fully renewable electricity system
- the Electricity Authority's Market Development Advisory Group (MDAG) has commenced a project investigating price discovery in the wholesale electricity market under a 100 per cent renewable electricity supply, including determining how the wholesale market will operate, reservoirs will be managed and how efficient investment in new generation will be enabled by the market
- to support the 2050 emissions target and the 2030 renewable electricity target, the Electricity Authority is investigating how to ensure the electricity system remains stable, secure and resilient over coming decades
- the Authority is also progressing reform to transmission and distribution pricing to enable efficient operation of, and investment in, network infrastructure supporting electrification and renewables development.

We are also reviewing the National Policy Statement for Renewable Electricity Generation (NPS-REG) and other national direction instruments to help accelerate the development of renewable electricity generation.

Low-emissions fuel options could also be considered to help reduce fossil fuel use in the electricity sector, as discussed below.

Phasing out fossil gas while maintaining consumer wellbeing and security of supply

Under its recommendation to develop an energy strategy, the Commission specifically recommended creating a plan for managing the diminishing role of fossil gas across the energy system, covering associated consequences for network infrastructure and workforce during the transition.

Our energy supply chains are complex and interrelated. As we consider phasing out the use of gas and associated infrastructure it will be important to ensure the method and speed of transition maintains security of energy supply and prevents adverse or unexpected effects on consumers.

The Gas Industry Company has been investigating whether gas market settings are fit for the transition.³² Industry-led work is also underway, including the Gas Infrastructure Futures Group, and a Green Gas Certification System.

The development of a plan for managing the diminishing role of fossil gas could provide direction to the gas sector, industry users and other consumers. We seek your views on the outcomes, scope, timeframes and approach to the development of a plan for managing phase out of fossil gas.

We are working to reduce building-related emissions through the Building for Climate Change programme. The Commission's recommendation to set a date to end the expansion of fossil gas connections in buildings is considered in the next section, [Building and construction](#).

Decarbonising industry

We recognise that all fossil fuel use in industry and buildings must reduce. The Government could look to accelerate our financial support for the decarbonisation of process heat by expanding existing investment programmes, such as the GIDI fund.

We are developing national direction for industrial greenhouse gas emissions under the Resource Management Act 1991 (RMA). Proposals for this national direction include developing nationally consistent rules to decarbonise process heat by banning new low- and medium-temperature coal boilers installations and phasing them out by 2037, reducing use of other fossil fuels in process heat, and requiring some industrial sites to have emission plans.

We are also considering an energy and emissions reporting scheme for large energy users, to address current data gaps on our energy use and associated emissions.

The Commission recommended developing a plan to decarbonise industry, and to speed up the switch to low-emissions fuels for process heat. We seek your feedback on next steps for drawing work programmes together – for example, either:

- a standalone plan as recommended by the Commission
- as part of developing an energy or bioeconomy strategy
- through the review of the NZEECS.

The Commission also recommended setting a timetable for phasing out fossil fuels for boilers. The Government recognises that all fossil fuel use in industry and buildings needs to reduce. In the first budget period, we will consider setting a timetable for the phase out of fossil fuel use in boilers, alongside other work relating to phasing out of fossil gas (as outlined above) and use of [fossil fuels in buildings](#).

We will be looking at approaches to hard-to-abate industries in the context of broader economic development, New Zealand's resource needs and an equitable transition.

³² Gas Industry Company Limited. 2021. [Gas market settings investigation consultation paper](#). Wellington: Gas Industry Company Limited.

Addressing current data gaps on energy use in Aotearoa and associated emissions through an Energy and Emissions Reporting scheme

We are proposing a mandatory energy and greenhouse gas emissions reporting scheme for large energy users. The proposed scheme would require those users to report their energy use and emissions to government and the public.

The proposed scheme will provide information to businesses, the Government and the public to monitor energy sector progress towards emissions targets. The information could be used to develop opportunities for emissions reductions, and to design meaningful and evidence-based policy interventions for ongoing emissions reduction.

The current proposal includes a suggested reporting threshold of 1 kt CO₂e. This threshold would capture large energy users across stationary energy entities and their transport emissions (for example, Fonterra and its truck fleet), commercial entities (for example, large retail companies and airports), and transport companies such as road freight, coastal shipping and tourism helicopter operators. Approximately 200 industrial and commercial (stationary energy) companies could meet this proposed threshold. The proposed scheme was originally consulted on as part of a package in Accelerating Renewable Energy and Energy Efficiency in December 2019, referred to as Corporate Energy Transition Plans (CETPs)³³. However, that consultation was not targeted at the transport and commercial sectors. To ensure all stakeholders have an opportunity to comment on the sectoral coverage of the scheme, we seek your views on how the proposed scheme would affect these sectors.

Key design features of the proposed scheme will be set through regulations rather than through primary legislation. This will involve further consultation in 2022 on matters such as methods, protocols and frequency for reporting information.

Supporting development and use of low-emissions fuels

In addition to renewable sources such as wind, solar, hydro and geothermal electricity generation, use of low-emissions fuels such as bioenergy and hydrogen will be critical to decarbonise the energy system. We are:

- seeking your feedback on approaches to the [circular and bioeconomy](#)
- undertaking work to develop a [sustainable biofuels mandate](#) to incentivise the uptake of biofuels from sustainable sources, which have significantly lower lifecycle emissions than their fossil fuels equivalent
- developing a hydrogen roadmap; a first stage to develop an initial view of hydrogen supply and demand in New Zealand has been completed,³⁴ and the next stage will be to explore issues for hydrogen use to determine 'right size' for our hydrogen economy.

The Government could consider more active support for development of larger scale bioenergy and hydrogen industries to enable emissions reductions in the process heat, electricity and the transport sectors.

³³ Following submissions, a simplified scheme was progressed. The feedback on the proposal for CETPs was mixed, with strong support for mandatory reporting and improving data accessibility (including from some large energy users), but limited support for energy audits.

³⁴ Ministry of Business, Innovation & Employment. 2020. [A roadmap for hydrogen in New Zealand](#). Wellington: Ministry of Business, Innovation & Employment.

In the industrial heat sector, the Commission's demonstration path shows significant switching from coal to biomass across the first three emissions budgets, starting in the first budget period. Alongside development of a bioeconomy strategy, support for development of biomass resources to ensure availability will be critical for this switching.

In the electricity system, thermal fuels have played a number of roles, including providing baseload electricity supply, cover for dry years, and peaking when demand is high.

The New Zealand Battery Project is looking at longer term options to address the dry-year issue, such as pumped hydro (including the Lake Onslow option), 'overbuilding' renewables, biomass, hydrogen, and demand-side management solutions. Some of these dry-year solutions could take several years to develop and construct.

We may need to consider additional measures to help reduce emissions in the first emissions budget. Supporting the development and use of low-emissions fuels now could help Aotearoa to meet the first budget, and to reach our second and third emissions budgets.

We seek your views on whether government could or should provide additional support for the development of bioenergy and hydrogen resources to support decarbonisation across the energy sector, and if so, what form this should take.

Policies for an equitable transition

Addressing industry transition

Complementary policies for process heat, such as the [GIDI fund](#) and [EECA's business programmes](#), will promote energy efficiency (reducing energy costs) and reduce carbon emissions.

EECA's Energy Transition Accelerator gives bespoke technical support for large emitters to make long-term transition plans. The GIDI fund supports employment in the regions while reducing emissions.

The Government is helping communities, businesses and sectors to understand and plan their transition through equitable transitions partnerships. Current partnerships are focused on the Taranaki and Southland regions.

Keeping energy affordable and secure

Following the 2019 [Electricity Price Review \(EPR\)](#), we are progressing initiatives that will [address affordability and hardship](#) for electricity consumers. These include:

- establishing an Energy Hardship Expert Panel to recommend policy priorities and actions to alleviate energy hardship in Aotearoa, and an Energy Hardship Reference Group to assist the Expert Panel and share information and insights across government agencies, community organisations, consumer advocates, industry participants and regulators
- developing an agreed definition and indicators of energy hardship to assist with measuring and tracking energy hardship over time; this will also help inform how we evaluate programmes to address energy hardship and whether further initiatives and/or better targeting is needed
- delivering the Support for Energy Education in Communities (SEEC) programme to help build a network of energy hardship initiatives and support people to achieve warmer homes and lower energy bills

- progressing an amendment to the Electricity Industry Act 2010 to give the Electricity Authority an explicit function to protect the interests of small consumers (residential and small businesses).

Additionally, funding for community energy can help low-income consumers gain access to distributed renewable energy technologies. A \$28 million community energy fund has been set up to help Māori and those in public housing access renewable energy technologies.

The Warmer Kiwi Homes programme and Minimum Energy Performance Standards are helping consumers and businesses to improve energy efficiency, with associated benefits to their wellbeing.

Our work around the energy market's ability to support the phase down of fossil gas will consider affordability and equity impacts of transition for consumers, and implications for current gas infrastructure.

The timing of the transition for gas-dependent households and light commercial businesses ties in with other initiatives, including the Building for Climate Change programme ([Building and construction](#) section).

QUESTIONS

Energy strategy

58. In your view, what are the key priorities, challenges and opportunities that an energy strategy must address to enable a successful and equitable transition of the energy system?
59. What areas require clear signalling to set a pathway for transition?

Setting targets for the energy system

60. What level of ambition would you like to see Government adopt, as we consider the Commission's proposal for a renewable energy target?

Phasing out fossil gas while maintaining consumer wellbeing and security of supply

61. What are your views on the outcomes, scope, measures to manage distributional impacts, timeframes and approach that should be considered to develop a plan for managing the phase out of fossil gas?

Decarbonising the industry sector

62. How can work underway to decarbonise the industrial sector be brought together, and how would this make it easier to meet emissions budgets and ensure an equitable transition?
63. Are there any issues, challenges and opportunities for decarbonising the industrial sector that the Government should consider, that are not covered by existing work or the Commission's recommendations?

Addressing current data gaps on New Zealand's energy use and associated emissions through an Energy and Emissions Reporting scheme

64. In your view, should the definition of a large energy user for the purposes of the proposed Energy and Emissions Reporting scheme include commercial and transport companies that meet a specified threshold?

QUESTIONS

65. We have identified a proposed threshold of 1 kt CO₂e for large stationary energy users including commercial entities. In your view, is this proposed threshold reasonable and aligned with the Government's intention to meet emissions budgets and ensure an equitable transition?
66. In your view, what is an appropriate threshold for other large energy users such as transport companies?
67. Are there other issues, challenges or opportunities arising from including commercial and transport companies in the definition of large energy users for the purposes of the proposed Energy and Emissions Reporting scheme that the Government should consider? Supporting evidence on fleet size and characteristics is welcomed.

Supporting development and use of low-emissions fuels

68. What level of support could or should Government provide for development of low-emissions fuels, including bioenergy and hydrogen resources, to support decarbonisation of industrial heat, electricity and transport?
69. Are there any other views you wish to share in relation to energy?

Building and construction

Why reducing emissions in this sector matters

Buildings are part of the everyday lives of people, communities and businesses, affecting most wellbeing indicators for individuals, communities and the nation. The sector is also a major part of the economy, contributing 7.3 per cent of GDP in 2019 (\$20.5 billion).

Our vision is to significantly reduce all building-related emissions as soon as possible, and where possible, also have other benefits that make an important contribution to wellbeing and higher living standards (for example, improved health, energy affordability). For example, warmer, drier homes have health and economic benefits for households and Government. Decisions about the design, construction and operation of buildings aimed at helping reduce emissions may also have health, social, and environmental benefits (for example, less extraction of raw materials and reduced landfill). Each of these co-benefits also translates to financial and/or other value for Government, the community and individuals. We have started work to understand who may benefit, and when.

Emissions budgets take a production-based approach.³⁵ Using this approach, the sector directly contributed about 4 per cent of greenhouse gas (long-lived) emissions in 2018. Taking a consumption-based approach,³⁶ 15 per cent of these emissions in 2018 were building related.

There is significant potential for this sector to help reduce emissions in other sectors. Emissions from the manufacture of building products and materials, and from energy use

³⁵ The production approach accounts for emissions at the point where they are emitted.

³⁶ The consumption approach accounts for emissions 'embodied' in a good or service at the point where the emissions are 'consumed'. These includes emissions that result from the entire supply chain required to produce that good or service for final use from the extraction and manufacturing of materials, construction, through to deconstruction and waste disposal.

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in buildings (for example, space and water heating, cooling, cooking) are reported under the energy and industry sectors. Over half of New Zealand's electricity use is building related.³⁷

Planning and design affect how much energy it will take to heat and cool a building, and the choice and quantity of materials. It can affect waste (which can flow on to energy and transport emissions). Transporting materials (including many from overseas) and workers on and offsite produces further building-related emissions.

Housing affordability is an important consideration when reducing emissions. There is the risk that measures will raise new-build costs, although construction is only one of the factors that determine housing prices. We are exploring how to both reduce emissions reductions and support affordability. Key to this will be encouraging behaviour change, along with planning decisions (see [Planning](#) section) that help realise our vision.

How we plan to reduce emissions in this sector

Emissions related to buildings generally fall into two groups:

- **Operational carbon emissions** are from the energy and other resources used when operating the building.
- **Embodied carbon emissions** are emitted during the manufacture and use of the materials and products that form the building, and across its life, from construction to deconstruction. These include emissions from the production, transportation and eventual disposal of materials in buildings.

A whole-of-life approach considers emissions that arise at all points in the supply chain, and over the lifetime of that material or product, supporting a circular economy. This spans from raw material extraction to manufacturing and through to building construction, maintenance and ultimately deconstruction, including disposal, recycling and repurposing.

What we are doing now

Building for Climate Change programme

Building for Climate Change programme is the Government's key mechanism for reducing emissions from this sector (see [MBIE – Building for Climate Change](#)).

We are looking at ways to create and scale up the changes and actions needed to meaningfully contribute to our targets. This includes:

- **Regulatory proposals** – We are looking at options such as emissions caps for buildings. Possible approaches are shown in the two frameworks MBIE consulted on in 2020: [Transforming Operational Efficiency](#) and [Whole-of-Life Embodied Carbon Reduction](#). (Read the summary of submissions and other feedback on the [programme website](#).) New builds are the first priority because lowering emissions in existing buildings is more complex.
- **Improving energy efficiency** – We are exploring how to use the current system to help reduce emissions while we develop a broader transformational policy package. In May

³⁷ Ministry of Business, Innovation & Employment. 2020. *Energy in New Zealand*. Wellington: Ministry of Business, Innovation & Employment.

2021 MBIE consulted on proposed changes to the New Zealand Building Code's energy efficiency requirements (Clause H1) (see [MBIE website](#)).

- **Modelling** – We have started testing scenarios for implementing [Transforming Operational Efficiency](#) and [Whole-of-Life Embodied Carbon Reduction](#). The modelling will guide our choice of scenarios for the final plan and includes options for both mandatory reporting and emissions caps of different strengths and timing.
- **Reducing emissions in existing buildings** – We are scoping options to reduce existing buildings' emissions, including supporting retrofits, measuring emissions and exploring other tools to improve how buildings perform. This will include looking at mandatory energy performance programmes, as recommended by the Commission, for commercial and public buildings.

Government leading the way

We are reducing emissions through the government property portfolio and other initiatives. Some examples are:

- **The Carbon Neutral Government Programme (CNGP)**. See [Government accountability and coordination](#), including the requirement for many larger (over 2,000 square metre) government buildings to now achieve certain NABERSNZ ratings.
- **NABERSNZ (EECA)**. Rates the energy and carbon performance of commercial buildings.
- **Government Procurement's Sustainable Construction: Construction Procurement Guidelines**. Helps agencies implement the emissions reduction component of the Government Procurement Rules.
- **Kāinga Ora large redevelopment**. Government investment of over \$25 billion to 2050 (plus the \$3 billion housing investment in 2019).
- **Kāinga Ora waste minimisation scheme**. Aims to significantly reduce on-site waste from construction and demolition. Its procurement processes in relation to construction and demolition waste require that 80–85 per cent of materials must be recycled (or diverted from landfill).
- **Warmer Kiwi Homes (EECA)**. Insulation and heater grants to low-income homeowners.

The Building for Climate Change programme, in developing its transformational package, is also working with other agencies to explore how else Government can lead by example in reducing building-related emissions. This may include considering possibilities for Kāinga Ora fast tracking its emissions reduction targets across its construction programme. This would create a significant market for low-carbon construction materials, practices and designs; advancing industry knowledge and accelerating uptake across the sector. This would also reduce energy hardship, and improve health and wellbeing for some of the most vulnerable New Zealanders. Options to strengthen procurement requirements to encourage industry to deliver lower emission buildings for Government will also be considered.

Construction Sector Accord

Launched in April 2019, the [Construction Sector Accord](#) is a platform for industry and government to jointly work on the challenges facing the sector, such as sustainability and people development. The Accord is supporting the construction sector to help increase knowledge and capability (for example, through a resource hub and webinars) in the areas of environmental sustainability. It has a network of organisations committed to the Accord vision of a higher performing construction sector.

The Accord will be a valuable platform for government and industry to work together to meet the shared emissions reduction challenge, and help support businesses to recognise the significant role that industry has to play in reducing building-related emissions.

Examples of business leading the way

We recognise that some of the industry is leading the way for the sector, with some recognised examples of good practice including:

- Naylor Love developing a Building Carbon Calculator, which supports comparison of carbon emissions from different structural building elements and material types
- the Heavy Engineering Research Association (HERA) developing guidance to help steel manufacturers calculate and understand their carbon footprint
- Green Gorilla establishing a Construction and Demolition Waste Processing Facility, which diverts more than 70 per cent of incoming construction and demolition waste from Auckland landfills.

We will support the business community to develop, demand and share emerging practices aimed at reducing emissions.

Reducing demand for fossil fuels in buildings

The Building for Climate Change programme is proposing capping the total operational emissions from new buildings. This approach allows people to choose how they lower emissions from the building's use overall, rather than specifying the systems to be used or not used for heating and cooking. We are also considering caps for the emissions from the fuels used for the operation of buildings, including fossil fuels. The caps are anticipated to reduce demand for fossil fuels used for heating, cooling and cooking over time. This may have co-benefits, such as minimising the health risks from these fuels. This approach may also allow time for low-emissions alternatives to become commercially available.

The Commission has subsequently recommended that Government set a date to end the expansion of fossil gas pipeline infrastructure (recommendation 20.8a). We seek your views on this approach, and to understand the impact it would have on people, families, communities and businesses.

Reducing demand for fossil fuel in buildings may have implications for new and existing fossil gas connections. Energy supply chains are complex. MBIE is investigating the phase out of fossil fuels from the energy system. Details of this and national direction tools (a national policy statement and national environmental standard) are in the [Energy and industry](#) section.

Potential policies and measures

The Building for Climate Change programme will also consider:

- **Behavioural and cultural change** – scoping a programme to raise consumer and sector knowledge about lower emissions building and construction. This will help reset social and sector norms, and to enable warmer, drier buildings with health, economic and other benefits. This will require a focus on two different groups:
 - *Consumers* – awareness, knowledge and increasing demand for lower emissions buildings: for example, information and education campaigns for building consumers, product rating schemes, and tools such as energy and water meters.

- *Industry* – knowledge and action, with a focus on the sector reducing its footprint including as building material and product consumers. This could include encouraging and supporting architects, builders, manufacturers and others in the sector to advise clients on and provide lower emissions buildings. Ways to encourage businesses to source and create demand for lower emissions products and materials from their supply chains could also be explored.
- **Financial and other incentives to encourage lower emissions buildings** – reinforcing behaviour change and lower emissions practice:
 - This could include considering subsidies, rates or tax rebates, or low- or no-interest loans for low-emissions buildings or retrofits.
 - One example is exploring an initiative similar to the [Exemplary Buildings programme in Brussels](#), which gave funding, technical support and publicity to eligible building owners and designers.
- **Removing barriers** – we will consider ways to remove barriers to lower emissions building, and to encourage new products and ways of building. This will include identifying and addressing any undue barriers the building consenting system presents to the recycling and reuse of building products and materials.
- **Improving energy efficiency** – helping reduce energy-related emissions and realise other benefits – options we want feedback on include:
 - funding the development and rollout of energy performance certificates to buildings, potentially linking energy performance to other incentives. This could involve expert evaluation of buildings to baseline their current level of energy performance and recommend potential changes they could make to improve it
 - subsidies or low- or no-interest lending for energy efficiency improvements to existing buildings
 - expanding eligibility criteria for Warmer Kiwi Homes programme and reviewing it to ensure it is fit-for-purpose to achieve emissions-reduction goals.
- **Encouraging innovation and scaling** – this will bring down costs and influence market behaviour. Methods such as offsite manufacturing can lift productivity, reduce waste and emissions, and supply warm, dry, durable and affordable homes. Kāinga Ora is increasingly using this method to bring such benefits and embed innovation into construction. Recent Building Act 2004 changes (which include a [voluntary certification scheme for manufacturers of modular components](#)) help foster this innovation.
- **Contestable innovation fund and other potential ways to increase innovation, technology and scaling** – exploring how to help businesses and other organisations to trial, tailor and upscale low-emissions innovations such as new technology and materials, might help the sector substantially reduce emissions. Proposals we are seeking views on include:
 - competitions and rewards to support the development of innovative and scalable low-emissions building materials, designs and processes
 - funding that could support concepts to be developed, trialled or brought to market, such as lower emissions concrete, waste reduction innovations, or low-emissions housing designs
 - funding may also help support local, or potentially global, mentoring or partnerships.
- **Circular economy package:** A potential suite of initiatives and incentives to reduce construction waste and increase reuse, repurposing and recycling of materials.

- This could include scaling up existing building-related circular economy initiatives and providing guidance and information to help reduce construction waste across a building's lifecycle, from construction to demolition.
- Elements of this package could build on the Ministry for the Environment's Waste Minimisation Fund, with a specific focus on rolling out or scaling up building-related circular economy initiatives. For example, funding the expansion of existing local programmes through to supporting major businesses to trial or champion demonstrated programmes.
- It could also include providing guidance and information about ways for designers, builders, procurers and others to reduce construction waste across a building's lifecycle, from construction to demolition. The proposed behaviour change programme could also include a circular economy focus, driving both consumer and sector activity.
- **Workforce transformation coordination and support:** there are various sector and other initiatives aimed at ensuring the sector has the right workforce at the right time. We are looking at how these could be effectively supported, and any gaps identified and addressed. Options being considered include:
 - coordinating role or supports, to minimise duplication of initiatives and to help businesses/industry connect, identify and respond to skills gaps
 - targeted funding and other supports to train or retrain building professionals to use lower emissions building approaches
 - education and potentially funding to encourage changed practice among key worker groups; these may include those involved in upfront decisions (for example, design, planning and project management), those doing onsite work (Licensed Building Practitioners, plumbers, gasfitters and drainlayers) and those performing a regulatory function (Building Consent Authority staff) to support workforce transformation
 - supporting more on-the-job mentoring, and more effectively using the educational system to develop and prepare workers and the workforce to build for climate change.

Making an equitable transition

The new measures will affect many different groups, including: workers, businesses, building occupants (or 'consumers'), renters and tenants, lower socioeconomic households, and Māori and Pacific peoples. The changes may also bring opportunities.

The initial focus on new homes is likely to disproportionately affect new build occupants. Māori and Pacific peoples, low-income households and renters are more likely to live in buildings that are older, less energy efficient, as well as damp, mouldy and poorly ventilated.³⁸ More energy-efficient new-build public housing will directly and significantly improve health and reduce hardship for many low-income residents, likely outweighing the initial costs.

The building and construction sector is our fourth largest employer. OECD research and modelling indicates that reducing emissions is likely to create a continued decline in low-skill jobs. Workers in heavy-emitting industries that the building and construction industry currently relies on, such as metal and concrete manufacturers, may also be vulnerable to market and industry shifts to less carbon-intensive designs and products. At the same time,

³⁸ Statistics NZ. 2020. *Housing in Aotearoa: 2020*. Wellington: Statistics NZ.

many existing roles and the new jobs created (for example through new building processes and designs) are anticipated to become increasingly skilled. There will also be opportunities to reskill and upskill workers and the sector overall. An important priority of any workforce transformation coordination and support will be to make sure key initiatives and supports include a strong focus on workers and businesses most likely to be disproportionately impacted.

Reducing fossil fuels in buildings

Reducing fossil fuels in buildings will have both direct and indirect impacts for occupants. Any transition must recognise that the impacts on the coal, fossil gas and LPG markets and their consumers may differ.

A first step is to better understand these impacts, future energy demands for households, businesses and communities and potential alternative low-emissions energy sources. This, and consultation with affected industries, will guide phasing and help manage related risks. For the distributional impacts of phasing out of fossil fuels, see [Energy and industry](#).

QUESTIONS

70. The Commission recommended the Government improve the energy efficiency of buildings by introducing mandatory participation in energy performance programmes for existing commercial and public buildings. What are your views on this?
71. What could the Government do to help the building and construction sector reduce emissions from other sectors, such as energy, industry, transport and waste?
72. The Building for Climate Change programme proposes capping the total emissions from buildings. The caps are anticipated to reduce demand for fossil fuels over time, while allowing flexibility and time for the possibility of low-emissions alternatives. Subsequently, the Commission recommended the Government set a date to end the expansion of fossil gas pipeline infrastructure (recommendation 20.8a). What are your views on setting a date to end new fossil gas connections in all buildings (for example, by 2025) and for eliminating fossil gas in all buildings (for example, by 2050)? How could Government best support people, communities and businesses to reduce demand for fossil fuels in buildings?
73. The Government is developing options for reducing fossil fuel use in industry, as outlined in the Energy and industry section. What are your views on the best way to address the use of fossil fuels (for example, coal, fossil gas and LPG) in boilers used for space and water heating in commercial buildings?
74. Do you believe that the Government's policies and proposed actions to reduce building-related emissions will adversely affect any particular people or groups? If so, what actions or policies could help reduce any adverse impacts?
75. How could the Government ensure the needs and aspirations of Māori and iwi are effectively recognised, understood and considered within the Building for Climate Change programme?
76. Do you support the proposed behaviour change activity focusing on two key groups: consumers and industry (including building product producers and building sector tradespeople)? What should the Government take into account when seeking to raise awareness of low-emissions buildings in these groups?
77. Are there any key areas in the building and construction sector where you think that a contestable fund could help drive low-emissions innovation and encourage, or amplify,

QUESTIONS

- emissions reduction opportunities? Examples could include building design, product innovation, building methodologies or other?
78. The Ministry of Business, Innovation and Employment (MBIE) is considering a range of initiatives and incentives to reduce construction waste and increase reuse, repurposing and recycling of materials. Are there any options not specified in this document that you believe should be considered?
 79. What should the Government take into account in exploring how to encourage low-emissions buildings and retrofits (including reducing embodied emissions), such as through financial and other incentives?
 80. What should the Government take into account in seeking to coordinate and support workforce transformation, to ensure the sector has the right workforce at the right time?
 81. Our future vision for Aotearoa includes a place where all New Zealanders have a warm, dry, safe and durable home to live in. How can we ensure that all New Zealanders benefit from improved thermal performance standards for our buildings?
 82. Are there any other views you wish to share on the role of the building and construction sector in the first emissions reduction plan?

Agriculture

Why reducing emissions in this sector matters

Our agricultural sector is highly productive and plays an important role in our economy. It is central to the continued success of the primary industries and contributes to the wellbeing of our society.

Aotearoa has a unique emissions profile for a developed country. Emissions from agriculture make up 48 per cent of our gross greenhouse gas emissions.

Biogenic methane is a short-lived greenhouse gas, emitted from livestock digestive systems, that makes up almost three-quarters of agriculture emissions.

The next largest source is nitrous oxide from nitrogen added to soils through dung and urine and fertiliser, followed by manure management.

Most agricultural emissions come from the dairy sector, followed by sheep and beef cattle.

Reducing emissions

The Climate Change Response Act 2002 (CCRA) sets a target to reduce biogenic methane by 10 per cent below 2017 levels by 2030, and by 24–47 per cent below 2017 levels by 2050.

Our current mid-range projections would see agricultural reductions of **6.5 per cent for biogenic methane** and **3.1 per cent for long-lived gases by 2030**, relative to 2017 levels.

Our **food and fibre sectors** are already some of the most emissions-efficient producers in the world, but they need support to become even more sustainable and meet our targets. The sector has already committed to doing its part to meet our 2030 biogenic methane target. This will require widespread changes in farm practice, new technology and more investment.

Opportunities include:

- **Pricing** – The He Waka Eke Noa Primary Sector Climate Action Partnership will bring in a farm-level pricing scheme by 2025. This will encourage farmers to reduce their emissions through currently available practices.
- **Extension** – Extension and effective advisory services will help farmers and growers gain the knowledge and resources to measure, manage and reduce their emissions.
- **Research and development** – Investment in research and development of technology, such as methane inhibitors and a methane vaccine, will also be vital. Using new technologies, farmers could contribute to more ambitious goals, without needing costly offset mechanisms or substantial change in land use.

These actions are expected to have a bigger impact in later emissions budgets as farm practice changes and new technologies become available, but the work needs to begin now to unlock these opportunities. By focusing now on delivering the right solutions, we can expect greater impacts out to 2050. We will need to work together to achieve this.

How we plan to reduce emissions in this sector

What we are doing now

Government and primary sector roadmap

The Ministry for Primary Industries' roadmap, *Fit for a better world – accelerating our economic potential* (released July 2020) sets out opportunities to accelerate the productivity, sustainability, and inclusiveness of the primary sector. This is the framework the Government will base its climate-related work with the primary sector under, setting out three ambitious targets for our food and fibre sector to create a more productive, sustainable and inclusive economy. This includes adding \$44 billion in export earnings over the next decade by building off the strong position of our core food and fibre sectors, reducing biogenic methane to 24–47 percent below 2017 levels by 2050, restoring New Zealand's freshwater to a healthy state within a generation, and employing 10 percent more New Zealanders in the primary sector by 2030.

He Waka Eke Noa Primary Sector Climate Action Partnership

We are working with the food and fibre sector and iwi/Māori through [He Waka Eke Noa](#). This partnership aims to equip farmers and growers with the knowledge and tools to measure, manage and reduce their emissions, while sustainably producing quality products for domestic and international markets.

The CCRA sets a series of milestones for He Waka Eke Noa, including implementing a farm-level pricing mechanism for agricultural emissions by 2025. The partnership will make recommendations to Ministers on price design in March 2022.

The partnership also has pre-2025 milestones to help farmers know their total annual on-farm emissions, and to develop farm plans to measure and manage those emissions.

In June 2022, the Commission will assess the partnership's progress. If the partnership is not on track, the Government can bring agriculture into the NZ ETS at processor level before 2025.

More funding for research

Over the last 10 years about \$20 million per annum has been invested in agricultural emissions research.³⁹

In Budget 2021, funding for agricultural climate change research increased by \$24 million over four years. This will accelerate the development of new technology and practices.

Investment in novel solutions, such as methane and nitrous oxide inhibitors, and selective breeding for lower methane-emitting sheep and cattle, could reduce hard-to-abate biogenic methane and nitrous oxide emissions.

Funding for integrated farm planning

Budget 2021 committed \$37 million over four years to speed up a national integrated farm planning (IFP) system for farmers and growers, in partnership with industry and regional sectors. This will make it easier and quicker for farmers and growers to meet their greenhouse gas reporting requirements by integrating them into wider farm planning. A further 100 skilled farm advisors will also be trained. Industry, regional council, community, and catchment initiatives will also receive funding.

Regulatory oversight for methane inhibitors

Work is underway to enable the regulatory oversight for methane inhibitors under the Agricultural Compounds and Veterinary Medicines (ACVM) Act. This will allow for the regulation of greenhouse gas inhibitors when they become available. This measure is the first step to unlocking a future opportunity to reduce greenhouse gas emissions.

Potential and proposed measures*Pathways to reduce agricultural emissions*

We need a range of policies and support to reduce agricultural emissions in line with our 2030 and 2050 targets.

We are working through He Waka Eke Noa to develop solutions to measure and price agricultural emissions. This includes workstreams on emissions pricing, emissions reporting, farm planning, on-farm sequestration, and delivery (early adoption, innovation and uptake, and extension). A cross-cutting workstream will integrate Māori perspectives.

We are assessing the additional work that will be needed to complement He Waka Eke Noa. Other measures could include improving farm advisory and extension services, resources for evidence-based decision-making on farms, and supporting early uptake of new practices on-farm.

Accelerating innovation and technology

Innovation and technology are critical to meeting emissions budgets. As part of the Fit for a Better World roadmap, the Ministry for Primary Industries, in partnership with industry, Māori and science, is developing a research and development (R&D) plan to accelerate the development of mitigations to reduce biological emissions.

³⁹ [Leading science partnerships; Global Research Alliance.](#)

This R&D plan will consider the pathway from knowledge to impact for mitigations, and identify measures to accelerate their availability for farmers. Many new mitigations are not yet on the market and will make limited contributions in the first emissions budget period. However, accelerating R&D mitigation efforts now will unlock new options to reduce emissions in later periods.

On-farm practice changes through targeted extension services

Extension services help farmers access knowledge, expertise and tools to make informed decisions about on-farm practice change. We are assessing whether further public and private investment can help the He Waka Eke Noa extension workstream to support and upskill a greater number of farmers and growers.

Measures could focus on the delivery of extension services through a national network of rural/farmer collectives, including catchment groups, Māori land owner collectives and other producer groups. This could be through a combination of leveraging existing groups and industry programmes, through to new activity.

Making an equitable transition

The transition will have distributional impacts on farmers and growers, including on productivity and profitability, and on rural communities and Māori. We will factor these impacts and ways to provide support into policy development.

The rollout of integrated farm planning will decrease the compliance burden and costs due to streamlined systems, helping farmers and growers to stay sustainable and profitable.

The unique characteristics of Māori land (including ownership, governance and land type) affect the ability of many iwi/Māori land owners to respond to policy changes and opportunities. Any additional costs from new policies could hinder the development of iwi/Māori landholdings. We must consider whether policies are suitable for a range of Māori farming activities and management structures. The work of He Waka Eke Noa in 2022 will aim to build Māori farmer and grower capacity to respond to a farm-level price signal.

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83. How could the Government better support and target farm advisory and extension services to support farmers and growers to reduce their emissions?
 - a. How could the Government support the specific needs of Māori-collective land owners?
84. What could the Government do to encourage uptake of on-farm mitigation practices, ahead of implementing a pricing mechanism for agricultural emissions?
85. What research and development on mitigations should Government and the sector be supporting?
86. How could the Government help industry and Māori agribusinesses show their environmental credentials for low-emissions food and fibre products to international customers?
87. How could the Government help reduce barriers to changing land use to lower emissions farming systems and products? What tools and information would be most useful to support decision-making on land use?
88. Are there any other views you wish to share in relation to agriculture?

Waste

Why reducing emissions in this sector matters

In 2019, waste disposal and treatment in Aotearoa produced 3316.9 kt CO₂e or around 4 per cent of gross emissions. These emissions comprised:

- methane (CH₄) (92 per cent)
- nitrous oxide (N₂O) (5 per cent)
- carbon dioxide (CO₂) emissions (3 per cent).

Reducing waste biogenic methane emissions

The Climate Change Commission has recommended reducing waste biogenic methane emissions to at least 40 per cent below 2017 levels by 2035.

The main sources are:

- the organic waste part of solid waste disposal (81 per cent)
- wastewater treatment (11 per cent)
- incineration and open burning (6 per cent)
- biological treatment of solid waste (compost) (2 per cent).⁴⁰

Organic waste includes anything that contains degradable organic carbon – for example, recoverable materials such as food and green waste, paper, cardboard, and timber.

Most household and commercial waste (including some from construction and demolition) goes to managed municipal (class 1) landfills.⁴¹ Many unmanaged disposal sites also generate emissions, including fills for construction and demolition and earthwork materials (classes 2 to 5), industry (class 1 monofills), and farm fills.

We have higher certainty about waste volumes, composition, and emissions from managed municipal landfills than we do for unmanaged disposal sites. For classes 2–5 landfills and farm fills, the data uncertainty is estimated to be ±140 per cent.

⁴⁰ Ministry for the Environment. 2021. *New Zealand's Greenhouse Gas Inventory 1990–2019*. Wellington: Ministry for the Environment.

⁴¹ Terms and definitions for types of wastes and landfills are based on the nomenclature followed by the National Greenhouse Gas Inventory. 'Unmanaged' in the inventory context can be translated to class 2–5 landfills and farm fills. 'Managed' means municipal or class 1 landfills.

Figure 11: The waste hierarchy

Challenges and opportunities for landfill waste

Current policies will not deliver the emissions reductions we must achieve. Significantly reducing landfill biogenic methane emissions will require us to reduce organic material wastage at the top of the waste hierarchy, divert organic materials (for example, to recycling and composting, including anaerobic digestion) and sending organic wastes to landfills that capture landfill gas (LFG). This will require targeted investment and improved management of what goes where within our disposal and resource recovery systems.

Landfill gas (LFG) capture

What is LFG capture?

LFG is a by-product of decomposing organic waste in landfills. It is mainly composed of methane and carbon dioxide. Modern landfills are able to capture some of the gas, so the methane can be used to produce energy, or flared. The process converts the methane to less harmful carbon dioxide.

The Commission has recommended that we significantly reduce emissions by capturing more LFG. We agree with this recommendation; however, some landfills do not yet have the technology. Our options to address this could be requiring that capture systems be installed and where LFG capture is not appropriate, banning sites without LFG capture from receiving organic waste.

Retrofitting LFG capture at non-municipal landfills, where they have not been designed or built with gas capture in mind, requires further investigation. Depending on the landfill, it may be impractical for many construction and demolition fills to have gas capture systems installed. A blanket requirement brought in too quickly would lead to diverting timber and other organic wastes to more expensive managed municipal landfills that capture LFG. It could also increase the potential for illegal dumping in the absence of diversion infrastructure and a supporting licencing system.

Our proposed approach to implementing this specific recommendation is outlined below. This is a staged approach, including requiring LFG capture at all Class 1 municipal landfills by 2026. Instead of also applying this timeframe as a blanket approach to Class 2-5 landfills that receive

much higher volumes of inorganic waste (ie, materials that do not decompose and make methane gas), it is proposed that all organic material disposal be banned from Class 2–5 by 2030. In addition, key organic materials such as food, green, and paper waste could also be banned from Class 1 landfills by 2030, given the lifetime emissions from Class 1 landfills are significant, even with LFG capture in place.

In the meantime, the proposed focus is to improve our enabling systems and infrastructure, thereby providing for the opportunity to consider when and if any Class 2–5 landfills should be required to capture gas, alongside bigger shifts in how organic waste is managed overall. This ‘no-regrets’ approach is in line with the Commission’s advice and would see more materials moving up the waste hierarchy faster, by focusing on waste reduction and increased recycling systems that see more organic waste diverted from landfill and back into a circular economy.

The benefits of this proposed approach are that this:

- allows time for the sector to adapt and build our onshore resource recovery capacity
- ensures we will have accurate data to inform future planning
- largely meets the Commission’s proposed 40 per cent biogenic methane reduction target for waste.

The risk of the approach is that relatively cheap disposal for Class 2–5 landfills undermines reduction and resource recovery alternatives. We want to hear your views on the proposed approach and how to get the balance right.

How we plan to reduce emissions in this sector

What we are doing now

The main policies for managing emissions include the NZ ETS (which applies to municipal landfills) and the National Environmental Standards for Air Quality 2004 (which require landfills over a certain size and materials composition to collect greenhouse gas emissions).

Other projects include:

- Changes to the waste disposal levy, which may reduce emissions by providing an economic incentive to reduce waste to landfill and divert and recycle organic materials. This also raises revenue to invest in waste minimisation, including reducing food waste, composting and anaerobic digestion, and kerbside collection of organic waste. Investment is currently through the Waste Minimisation Fund.
- Revising the New Zealand Waste Strategy, which links to the emissions reduction plan, with targets that align with the plan.
- Developing a national infrastructure plan for waste, setting out the path to a fit-for-purpose resource recovery system. The plan will have a 10+ year outlook and be supported by an infrastructure and services stocktake.
- Product stewardship for six product groups that were declared a priority in July 2020, including refrigerants (refer to the [F-gases](#) section) and e-waste (which includes large batteries, such as those in EVs). Product stewardship schemes for these products are being co-designed.

For more information on the Government’s broader approach to waste minimisation, see the [Waste reduction work programme](#).

Potential and proposed measures

Options to cut waste disposal emissions broadly fall into three categories – reducing organic waste material, reducing organic waste disposal to landfill, and reducing emissions from organic waste if it ends up in landfill.⁴²

Reducing organic waste material

Reducing food waste

Reducing the amount of food waste has environmental, economic, and social benefits. Every dollar invested in businesses that reduce food scraps gains a \$14 return.⁴³

The Government has contributed some funding to campaigns such as Love Food Hate Waste and GenLess. These highlight the issue and give households practical tips.

To date there has been less focus on helping businesses reduce food waste. Australia and the UK have helped different business sectors measure and reduce their food waste, with proven success. For example, Your Business is Food (Australia) helps the hospitality sector and the Courtauld Commitment (UK) supports retailers and food manufacturers.

We could explore opportunities for New Zealand.

Reducing waste from construction and demolition

Buildings are a significant contributor to waste emissions. There is potential to shift the sector towards a circular economy, designing out waste when buildings are designed and made, with options for reusing and re-purposing materials when they reach the end of their life. The [Building for Climate Change](#) programme will consider this.

Identifying options for treated wood (reduction, diversion and disposal)

Wood waste is a mixture of products from the construction industry. When identifiable, untreated timber can more easily be diverted for reuse (native timber in particular) or as a feedstock for boiler fuel.

However, treated wood products containing additives such as glues, fire retardants and preservatives are far more common in the waste stream. In a commercial setting only (and with strict systems and approvals), it is possible to burn or otherwise process treated wood for energy. Even so, it remains a challenge, as it will release extremely harmful toxins (such as arsenic) if not appropriately managed.

The treated wood problem requires a multifaceted approach, including reduction, clearer labelling, and genuinely sustainable end-of-life solutions. We're interested in your feedback on how to sustainably manage treated wood products and the associated issues.

⁴² Options for pre-treatment is another pathway particularly relevant to wastewater treatment plant sludges and will be a focus area for future emissions reduction plans. The option to bio-stabilise municipal solid waste as a form of pre-treatment (that is, compost and sort shredded mixed municipal solid waste in a 'dirty' materials recovery facility (MRF)) could play a role in future, but is not considered best practice for resource recovery, and has not been explored further at this time.

⁴³ Hanson C, Mitchell P. 2017. *The business case for reducing food loss and waste*. Washington DC: Champions 12.3.

One such option is to move from demolition as the default to a deconstruction model, in which buildings are removed in a way that separates and conserves materials, maintains their value, and better allows for recovery and reuse.

Other reduction opportunities

Other initiatives to reduce organic waste require resourcing or further development. These include phasing out junk mail, increasing education on and access to reusable nappies, and regulated product stewardship for textiles and clothing (including a focus on reducing consumption).

Reducing organic waste disposal to landfill

Food waste and green waste collection

Organic resources that cannot be used as food can be processed into nutrients and bioenergy. These materials are commonly recovered internationally. Both the feedstock and the resulting products are valuable resources in a circular bioeconomy, with significant potential to reduce our reliance on fossil fuel fertilisers and energy.

Although some household food and green waste is being diverted already, there is substantial scope for better recovery. Many households send food and green waste to landfill via kerbside rubbish collections. Only 55 per cent of Aotearoa households currently separate food and/or green waste for composting at home⁴⁴ (down from 63 per cent in 2008⁴⁵). Some households are limited in their ability to compost at home (for example because of a lack of space),⁴⁶ while others face different barriers.

Five councils have been diverting food and green waste to compost via separate kerbside collections for some time. More recently, the number of councils with kerbside organic collection has increased to 11, and others are proposing new services or have trials underway. In many other countries such services are commonplace. To meet our targets for waste, most communities would need food waste collections, or viable alternatives to landfill disposal for all their food scraps, as well as access to a green waste service where appropriate.

A key driver of 'value' in recycling is clean, uncontaminated recovered materials that make good feedstocks for other processing and manufacturing industries. This is also true for organic waste materials. The separate collection of food waste, and where appropriate green waste, is in line with the recommendations of the Rethinking Rubbish and Recycling (2020) report⁴⁷ which covers the wider kerbside system. The Government received this report in 2020 and committed to improving kerbside collection performance across the country. However, such a large-scale change requires more specific consultation, which is likely to begin in early 2022.

⁴⁴ Butt T. 2021. *General public attitudes to composting and compostable packaging – survey report*. Prepared for the Ministry for the Environment by UMR. Wellington: Ministry for the Environment

⁴⁵ Johnson M, Fryer K, Raggett N. 2008. *Household Sustainability Survey Research New Zealand*. Prepared for the Ministry for the Environment by Research New Zealand. Wellington: Ministry for the Environment.

⁴⁶ For example, 25 per cent of New Zealanders live in housing with no garden, or only a container garden on their balcony.

⁴⁷ WasteMinz. 2020. *Rethinking rubbish and recycling*. Auckland: WasteMinz.

Businesses to separate food and green waste

Food and green waste emit significant amounts of methane in landfills. A driver for change will be promoting the separation, diversion and collection of these materials, and investing in processing facilities. Some Aotearoa cities and districts have commercial food waste collections for compost or animal feed. Barriers to using these services can include higher cost, less convenience than commercial waste disposal, and needing agreement from the property owner or body corporate members. Requiring businesses to separate food waste, and where applicable green waste, would encourage more providers and processors to enter the market.

As our onshore capacity for processing organic waste grows, we will look for opportunities for households and businesses to separate some or all organic materials such as food, green, wood and paper waste, in order for them to be collected and processed via household and community compost, large-scale commercial composting processes (for example, open or in-vessel windrow), anaerobic digestion (biogas/biomethane), recycled or used as other biofuel feedstocks.

Initiatives could motivate businesses to look for ways to reduce their food waste and might encourage more donations of food-to-food rescue and redistribution or turning food unsuitable for people into stock food. Pathways are in place elsewhere, including the United States, the United Kingdom and Europe. The progressive increase and expansion of the waste levy over the next four years will yield extra revenue that could be invested in organic waste separation and collection.

Better paper and cardboard recycling

As for other types of organic waste, paper and cardboard produce methane when disposed of in landfills and make up a sizable proportion of waste in municipal landfills.

Clean, separated paper and cardboard are very recyclable. Recyclability decreases when they have been mixed with other materials (such as in commingled recycling bins) or are heavily contaminated with food or other waste. Ideally separation would be at source (the house or business). A requirement to separate recyclable materials from other waste would prevent valuable resources from ultimately producing landfill emissions. If a source separation requirement led to more effective recovery of paper and cardboard, it could also be appropriate to consider a disposal ban for these materials by 2030.

Transfer stations to prioritise recovery alongside new and expanded materials recovery facilities (MRFs)

In addition to source separation, the requirement to separate material streams can apply to transfer stations, where trailers and skip bins of waste are split into material streams to maximise recovery. Instead of dumping waste into an open pit for 'transfer' to a landfill, the station becomes more of a drive-through, with different drop-off zones or bins for different materials.

Mechanical sorting through materials recovery facilities (MRFs) can also process bulk loads of mixed waste from skip/hook bins and tip trucks. Construction and demolition waste in particular could be prioritised for diversion and processing through specialist MRFs.

Separating material at transfer stations and through processing at specialised MRFs is commonplace internationally. It is another investment option that would help reduce the volume of organic (green waste, wood, and cardboard) and inorganic (metals, plastics, glass) resources entering landfills.

Reducing emissions from organic waste in landfills

Gas capture at landfills

The Commission recommends that all landfills accepting organic waste (except farm fills) have effective gas capture systems by 31 December 2026. This implies two scenarios for landfill sites without LFG capture; either:

1. they can no longer receive organic material
2. where appropriate, they must install LFG capture systems to continue to receive organic materials.

Under scenario 1, landfills without LFG capture that are also not suitable for retrofitting an LFG system would no longer be able to receive any organic waste by 31 December 2026. They could instead divert the waste to recycling, composting or, potentially, to bioenergy; or, if these options are not available, to landfills with LFG capture.

Investment in better diversion and resource recovery systems could also generate co-benefits elsewhere in the economy, so this is viewed as preferable. For example, in the case of construction and demolition fills, investment in separating material streams (to remove organic waste such as timber) would also support separation and reuse of inorganic materials (for example, concrete and steel). More recycling of these materials could reduce emissions elsewhere in the economy, by displacing the need to produce and use virgin materials. Organic waste (mostly wood in construction and demolition waste) could be separated on site or at commercial MRFs or waste-sorting centres, such as in Auckland and Marlborough.

Under scenario 2, landfills that do not have LFG capture but are suitable for it would have to install an LFG system.

Our proposed response to this recommendation

All municipal landfills that do not currently have LFG capture could be required to install it by 2026, because of a lower threshold under the National Environmental Standards for Air Quality.

However, simply diverting all other organic waste to landfills with LFG capture commits us to a path of ongoing biogenic methane emissions from landfill disposal in the future. This is sub-optimal from an emissions standpoint because LFG capture, while beneficial at reducing emissions, is not perfect and some methane release is inevitable.⁴⁸ If done too quickly and in the absence of data, a disposal ban also risks perverse outcomes such as illegal disposal and levy avoidance.

Given the data and emissions uncertainty for non-municipal landfills is high, the proposed approach is to improve our data and work towards a future decision on organic material bans in both municipal and non-municipal landfill types by 2030. This could potentially include any of food and green waste, fibre (paper and cardboard) and possibly wood waste for municipal landfills, and all organic materials to landfills without LFG (largely non-municipal landfills). The need for disposal bans and/or alternative policies to achieve similar ambitious levels of abatement would require further work, pending data improvements, and would be subject to future emissions reduction planning (that is, 2025–30) and consultation processes.

⁴⁸ On average, the latest [New Zealand greenhouse gas inventory](#) assumes the lifetime efficiency of LFG capture at 'open' landfills as 68 per cent.

Combined policy impact

Figure 12 shows the projected impact of the total combined policy options on both municipal and non-municipal landfill emissions. Waste emissions by source are stacked, with the black-dotted line showing business-as-usual projections for total methane emissions from waste. The black solid line represents our proposed emissions reduction pathway, with the Commission's path represented by the black-dashed line.

The cumulative policies scenario assumes a broad and high abatement approach to 2035, with organic materials increasingly diverted to resource recovery to 2030 ahead of a potential material disposal ban, should this be shown to be necessary. The model output below is illustrative only and assumes a mix of processing options are employed for different organic feedstocks.⁴⁹ It is noteworthy that the organic waste-processing technology options and feedstock combinations do have different emissions profiles. From 2030 onwards, organic material disposal bans to class 1 for food, green and paper waste are assumed to apply; and *all* organic materials (assumed to be largely wood and green waste) are banned from unmanaged (classes 2–5) landfills. The scenario also includes regulatory measures that require materials separation at source. These projections go to 2050 and are calculated in tonnes of carbon equivalent.

Figure 12: Total projected methane emissions from waste showing the impact of proposed combined waste policy options

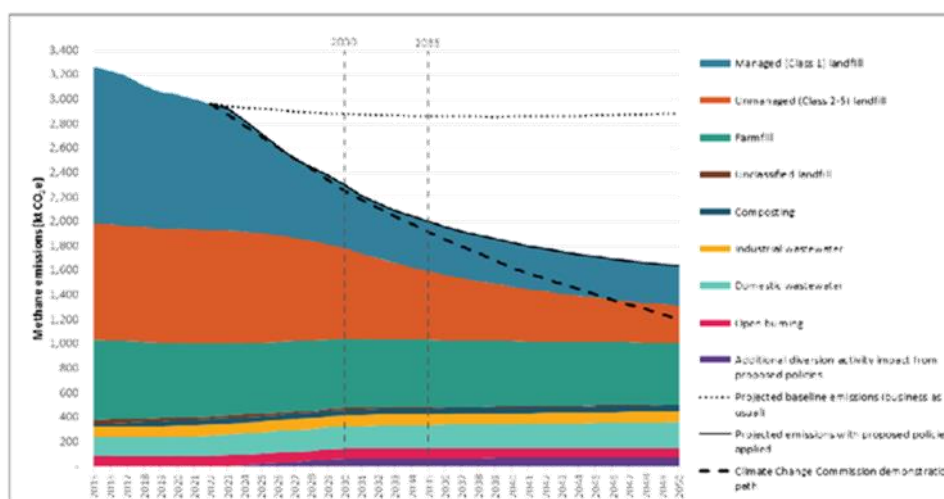


Figure 12 shows that the combined effect of targeting biogenic methane emissions through reduction, diversion and improvements to LFG capture in the first two budget periods (to 2030) puts waste emissions at 96 per cent of the reduction path in 2030. This chart shows all sources of methane emissions from waste. Modelled impacts have varying degrees of uncertainty.

Individual abatement options modelled are presented in the [Appendix](#).

⁴⁹ This model output assumes 40 per cent of diverted food waste to composting (20 per cent windrow and 20 per cent in-vessel composting, or IVC) and 60 per cent to anaerobic digestion; it also assumes 100 per cent of diverted green waste to composting (60 per cent compost and 40 per cent IVC). In reality the preferred processing option will also need to give consideration to the availability of organic feedstocks and markets for the potential process output products.

Co-benefits and future opportunities

A 'highly circular' resource recovery system that captures and processes organic waste could have significant co-benefits for other sectors. For example, where appropriate, farm, forestry and commercial/industrial waste diverted to composting and anaerobic digestion facilities that also process urban waste⁵⁰ would see emissions reductions across many sectors, while leveraging the same infrastructure. For waste sector emissions the quantification and abatement options for wastewater treatment and farm fills require further work, and we welcome feedback on how best to reduce emissions from these activities.

Proposed priority action: Fast-tracking a waste data and licensing system

Reliable data is vital for reducing emissions, and minimising waste. A national licensing system is recommended to meet the Commission's recommendations for improving waste data:

- publishing annual waste statistics from 31 December 2023
- improving data collection across the waste sector
- investing in data collection, to track progress towards a circular economy.

A licensing system would provide a more efficient and robust basis for administering the range of requirements for how sites operate (including the waste disposal levy and potentially the NZ ETS), as well as strengthening the evidence base for organic waste disposal bans and/or the alternative options.

The system would require new legislation (a review of the Waste Minimisation Act 2008 is underway), and would ideally align with local government data collection and reporting mechanisms. Pending improvements to other regulations ([National Environmental Standards for Air Quality](#) and the NZ ETS), it could also be used to capture information on waste composition and landfill gas, leading to improvements in the measurement of site-specific landfill gas capture efficiency, which is another key option for reducing emissions.

Partnership

The emissions reduction plan will be critical in the transformation of our waste sector. The New Zealand Waste Strategy aims to bring together the different drivers in a comprehensive approach towards a circular economy for Aotearoa by 2050. Partnerships and collaboration will be key to achieving our goals. In particular, partnerships between local authorities, industry and community that consider local feedstocks and markets will be key to determining the best approach at a local level. Whatever the method, all parts of society – iwi, hapū and marae, community organisations and groups, academia, households and businesses across the full supply chain – will need to engage in the journey.

Making an equitable transition

Actions and policies to minimise waste have implications at local, regional and national levels. For example, the distributional impacts of a disposal ban could be significant and the costs of the wider transition to a low-waste, low-carbon economy will fall to everyone.

The broad range of policy options for waste emissions reduction will require further specific analysis and consultation. For some aspects, this will begin with the review of the New Zealand

⁵⁰ In practice, waste streams may be mixed or processed separately, pending markets and end use applications.

Waste Strategy and Waste Minimisation Act – also likely to take place in 2021. For others, improved data is needed before we can assess the impacts. Some more specific policies, such as improving kerbside collection performance, will be consulted on in early 2022.

Financial impacts are expected to be manageable in the long run. An increase in disposal costs can be offset by the reducing the amount of waste to be disposed of (through households and businesses reducing and diverting waste). As the resource recovery sector in Aotearoa grows, it will be easier for households and businesses to 'do the right thing' with their waste. Managing the transition equitably will be a key part of future engagement.

QUESTIONS

89. The Commission's recommended emissions reduction target for the waste sector significantly increased in its final advice. Do you support the target to reduce waste biogenic methane emissions by 40 per cent by 2035?
90. Do you support more funding for education and behaviour change initiatives to help households, communities and businesses reduce their organic waste (for example, food, cardboard, timber)?
91. What other policies would support households, communities and businesses to manage the impacts of higher waste disposal costs?
92. Would you support a proposal to ban the disposal of food, green and paper waste at landfills for all households and businesses by 1 January 2030, if there were alternative ways to recycle this waste instead?
93. Would you support a proposal to ban all organic materials going to landfills that are unsuitable for capturing methane gas?
94. Do you support a potential requirement to install landfill gas (LFG) capture systems at landfill sites that are suitable?
95. Would you support a more standardised approach to collection systems for households and businesses, which prioritises separating recyclables such as fibre (paper and cardboard) and food and garden waste?
96. Do you think transfer stations should be required to separate and recycle materials, rather than sending them to landfill?
97. Do you think the proposals outlined in this document should also extend to farm dumps?
98. Do you have any alternative ideas on how we can manage emissions from farm dumps, and waste production on farms?
99. What other options could significantly reduce landfill waste emissions across Aotearoa?

F-gases

Why reducing emissions in this sector matters

Fluorinated gases (F-gases) make up about 2.5 per cent of New Zealand's total emissions. This is a small proportion, but innovative technology could reduce these emissions promptly; by 2035, we could lower emissions from this sector by around 35 per cent.

F-gases are mainly used as refrigerants for heating and cooling, and are mostly hydrofluorocarbons (HFCs). They are potent greenhouse gases, with global warming potential (GWP) hundreds or thousands of times greater than CO₂. HFC refrigerants contribute a hugely disproportionate amount to global warming – hundreds or thousands of times more than the metric quantities used.

How we plan to reduce emissions from HFCs

What we are doing now

Kigali Amendment to the Montreal Protocol

Aotearoa has already taken a major step to reduce HFCs by ratifying the [Kigali Amendment to the Montreal Protocol](#). This has been signed by 121 countries and requires parties to reduce the import and export of bulk HFCs. When fully implemented, the Kigali Amendment could mitigate up to 0.4°Celsius of warming globally if all countries achieve their goals.

The year 2020 was the first of our phase-down of HFCs under the Kigali Amendment. Our use of imported HFCs (to insert in equipment) will drop by 81 per cent in 2036, from a baseline of the average consumption in 2011–15.

Synthetic Greenhouse Gas Levy

Goods and vehicles containing HFCs or perfluorocarbons (PFCs) are subject to a levy on import or registration. This levy is linked to the price of carbon and is updated annually to reflect NZ ETS costs.

These existing policies are projected to reduce total HFC emissions by 17 per cent from 2019 levels by 2035.

Product stewardship

In July 2020, refrigerants were declared a priority product under the Waste Minimisation Act. A stewardship scheme must be developed and accredited for a priority product, and a regulation may require producers and sellers to join an accredited scheme. Manufacturers, importers, retailers and users would have to take responsibility for the emissions from refrigerants. The scheme is being co-designed by industry and the Government. The Ministry for the Environment will consult on the scheme regulations in early 2022.

The Synthetic Refrigerant Stewardship Working Group led the co-design of the product stewardship scheme for refrigerants. [Read their report and recommendations.](#)

Cumulatively, these policies are projected to reduce emissions by 23 per cent by 2035.

Potential measures

The heating and cooling sector is already making the transition to more environmentally friendly refrigerants. The Government is considering additional policies to support good industry practice. These proposals are projected to reduce emissions from F-gases a further 4 per cent below 2019 levels by 2035, bringing total estimated reductions to 35 per cent.

Planning for combined emissions reductions from heating and cooling

We are examining the role of refrigerants like HFCs in low-emissions heating and cooling. The transition to more sustainable heating and cooling is already happening; for example, buildings can be designed to require little or no air conditioning. And while nearly all domestic fridges in Aotearoa use refrigerants with very low GWP, technical constraints in sectors like transport refrigeration make this transition more difficult.

The Government could fast track progress through a cross-sector reduction of HFC refrigerants in heating and cooling systems. We could also speed up climate and social benefits by combining emissions reductions from refrigerants with other improvements to energy efficiency and building design.

We need to ensure that alternatives do not compromise the effectiveness of cold chains, New Zealanders do not face additional heating and cooling challenges, and health and safety standards are maintained.

Extending the phase down of HFCs

Extending the import phase down to include HFCs in finished products like heat pumps, air conditioning units, and refrigerators, as well as recycled HFCs, could bring all uses of HFCs under the same regulatory approach. When we sought feedback on the Kigali Amendment in 2018, some submitters said we should phase down the import of equipment containing HFCs, alongside the timetable for reductions in bulk HFCs required by the Kigali Amendment.

Regulating high-global warming refrigerants where alternatives are available

The Government is investigating phasing out finished products if they contain refrigerants with a high GWP, by certain dates. Aotearoa would not accept these refrigerants into the market if there were alternatives available. Doing this would limit the risk of dumping and ensure all businesses move as quickly as possible to more environmentally friendly alternatives. Applying restrictions on the type of refrigerants used for manufacturing in Aotearoa and servicing existing equipment could also help speed up the transition to alternatives. This transition could be achieved without negatively impacting the efficiency of heating and cooling appliances used by New Zealanders.

Global warming potential (GWP)

Refrigerants are classified by their global warming potential (GWP). This is a measure of a gas's ability to trap heat in the atmosphere, compared to carbon dioxide (CO₂). For example, if leaked to the atmosphere, a refrigerant with a GWP of 750 would have a warming impact 750 times that of CO₂.

We are considering dates by which it could be technically possible to restrict the sale and use of high-GWP refrigerants. This is an opportunity to gather data about the feasibility of transitioning to lower GWP refrigerants that will inform the development of policy. Consultation on these and other options will occur in due course.

This phase out proposal is based on two criteria – the accessibility and availability of alternative refrigerants.

- availability: products with lower GWP refrigerants and higher efficiency that are available for import

- accessibility: factors that could influence access to alternatives, including affordability, supply chains, regulations and servicing.

The criteria are based on research and modelling by the Montreal Protocol Technology and Economic Assessment Panel.

Table 8 outlines the dates by which we could restrict the:

- import or sale of products containing HFCs
- construction and installation of new systems using HFCs
- type of refrigerants that could be used in systems already in Aotearoa.

The possible transition times are *based on application* and show assumptions about available technology. Restrictions on refrigerants used to service existing systems may be better considered on a *by-refrigerant basis*.

The limits are based on the GWP of commonly used refrigerants, and their replacements.

Table 8: Draft schedule for phase out of goods and systems containing high GWP refrigerants

Application	Phase out limit and date: new goods and systems		Phase out limit and date: for servicing	
	GWP limit <750	GWP limit <150	GWP limit <750	GWP limit <150
Residential refrigerators and dehumidifiers	2022 Low charge (less than 150g) means many are already using isobutane (GWP <1) or propane (GWP <1).	2022	2023 R450A ⁵¹ (GWP 600) or R513A (GWP 32) are likely drop-ins (assume available by 2022).	2028 Uncertain whether R600a could be a safe drop-in; 5-year delay to GWP <150 (after which appliances may become unserviceable).
Residential air conditioning, heat pumps and air conditioners	2022 New systems rapidly moving to R32 (GWP 675).	2026 One year after the EU's planned prohibition.	2023 R466A (GWP 763) or similar are possible drop-ins.	2032 A GWP <150 drop-in for service is unlikely; this date signals likely replacement.
Residential water-heating heat pumps	2023 Lead time for locally made systems. HFCs, CO ₂ , R513A (629)/R450A (GWP 600) or R32 (GWP 675) should be viable.	2025 May need system development to reach this target.	2023 R513A (GWP 629)/R450A (GWP 600) are likely drop-ins.	2032 A GWP <150 drop-in for service is unlikely; this date signals likely replacement.
Vehicle air conditioning excluding trains and buses	2023 (new) 2028 (used) Most vehicles are imported; schedules depend on manufacturers.	2023 (new) 2028 (used)	2023 R513A (GWP 629)/R450A (GWP 600)/R446A (GWP 459) are likely drop-ins.	2032 A GWP <150 drop-in for service is unlikely; this date signals likely replacement.

⁵¹ Refrigerant types are categorised using 'R' numbers designated by the American Society of Heating, Refrigerating, and Air-Conditioning Engineers. In this table, the GWP of different refrigerants are included for reference.

Application	Phase out limit and date: new goods and systems		Phase out limit and date: for servicing	
	GWP limit <750	GWP limit <150	GWP limit <750	GWP limit <150
Passenger vehicle air conditioning, eg, trains and buses	2023 (new)	2032	2023	2032
	Flammability and efficiency are significant constraints.		R513A (GWP 629)/R450A (GWP 600) are likely drop-ins.	A GWP <150 drop-in for service is unlikely; this date signals likely replacement.
Commercial air conditioning, eg, office buildings and retail including VRF systems	2024	2029	2023	2032
	Japan shifted to GWP <750 in 2020; readily available options expected soon.	Five-year lead time for GWP <150 as options are uncertain.	R513A (GWP 629)/R450A (GWP 600) are likely drop-ins.	A GWP <150 drop-in for service is unlikely; this date signals likely replacement.
Commercial refrigeration – food retail, eg, supermarkets and self-contained cabinets	2023	2023	2023	2032
	Self-contained cabinets can shift to isobutane (GWP <1) and propane (GWP <1) relatively quickly. Larger supermarkets can use CO ₂ .		R513A (GWP 629)/R450A (GWP 600) or similar are likely drop-ins.	A GWP <150 drop-in for service is unlikely; this date signals likely replacement.
	GWP limit <1500	GWP limit <750	GWP limit <1500	GWP limit <750
Commercial refrigeration with <40kW rated capacity excluding food retail and applications below -50°C, eg, food service, restaurants, walk-in cold rooms, milk vats	2023	2028	2023	2032
	Limited non-flammable and efficient options.		R513A (GWP 629)/R450A (GWP 600) and R407H (GWP 1495) or similar are likely drop-ins.	A non-flammable GWP <750 drop-in for service is unlikely; this date signals likely replacement.
Transport refrigeration, eg, refrigerated trucks, shipping containers, fishing boats and reefer vessels	2028	2032	2023	2032
	Charge size makes non-flammable refrigerants hard to use.		R513A (GWP 629)/R450A (GWP 600) and R407H (GWP 1495) or similar are likely drop-ins.	A non-flammable GWP <750 drop-in for service is unlikely; this date signals likely replacement.
	GWP limit <2500	GWP limit <150	GWP limit <2500	GWP limit <750
Industrial refrigeration, eg, stationary refrigerant systems with rated capacity >40kW excluding applications below -50°C	2023	2028	2023	2032
	Most very large systems expected to use ammonia (GWP 0). Secondary systems allow safe use of a variety of refrigerants.	Allows time for medium-sized systems to change, to use lower GWP refrigerants.		

QUESTIONS

100. Do you think it would be possible to phase down the bulk import of hydrofluorocarbons (HFCs) more quickly than under the existing Kigali Amendment timetable, or not?
101. One proposal is to extend the import phase down to finished products containing high-global warming potential HFCs. What impact would this have on you or your business?
102. What are your views on restricting the import or sale of finished products that contain high-global warming potential HFCs, where alternatives are available?

QUESTIONS

103. What are your views on utilising lower global warming potential refrigerants in servicing existing equipment?
104. Do you have any thoughts on alternatives to HFC refrigerants Aotearoa should utilise (eg, hydrofluoroolefins or natural refrigerants)?
105. Can you suggest ways to reduce refrigerant emissions, in combination with other aspects of heating and cooling design, such as energy efficiency and building design?

Forestry

Why forests matter to our climate change response

Aotearoa has a comparative advantage in the role forestry can play in our climate change response. We have a significant amount of land suitable for plantation forests, and suitable conditions for a number of rapidly growing plantation species that sequester carbon fast.

Our forests will play a critical role in meeting our targets, while growing a productive source of renewable materials that can provide substitutes for emissions-intensive materials and fossil fuels and support regional economies.

There are some key strategic considerations in thinking about the role of forestry:

- At current projected NZ ETS prices, it is likely forestry will over-deliver on the sequestration needed to meet our targets. In the medium term, it could be a low-cost buffer if other sectors of the economy under-deliver. Alternatively, this additional sequestration could be used to increase the ambition of our future international targets.
- If future forestry units push down the carbon price, this could also potentially delay gross emissions reductions.
- In the short term, in some rural communities forestry may displace other forms of land use and change the pattern and skill requirements of employment.

Sequestration

Sequestration from exotic forests is a low-cost way to meet our 2050 net zero target, which can be delivered at scale.

There is also potential to extend our native forests to deliver a slower growing, long-term carbon sink that provides many other environmental benefits.

We must balance the role of forest sequestration with gross emissions reductions from other sectors to ensure a cost-effective, equitable and timely transition.

Based on current policy settings, we estimate that between 806,000 and 1,370,000 hectares of new forest (native and exotic) could be planted between 2020 and 2050.⁵²

⁵² The range reflects different carbon price paths, based on the 'price floor' and the cost containment reserve trigger under current NZ ETS settings. While these projections use the results of the Afforestation and Deforestation Intentions Report 2021, significant uncertainty remains when predicting land-use intention and future actions of land owners. See [Afforestation and Deforestation Intentions Survey 2020](#).

Based on these projections, forestry⁵³ will make an important contribution to emissions budgets from 2022 to 2035 (table 9) through sequestration. The level of sequestration from forests in the Commission's demonstration pathway falls within the range projected for each budget period. The Government estimates that in 2050, forestry could sequester between 18 and 32 million tonnes of CO₂e.

Table 9: Projected net carbon removals from forestry: current projections and the Commission's demonstration pathway (Mt CO₂e)

Net carbon removals from forestry for first three budget periods		2022–25	2026–30	2031–35
2021 Government projections	Lower	21	44	57
	Mid-range	24	50	71
	Upper	27	56	86
The Commission's demonstration pathway		26	50	69

Note: Projections are by their nature uncertain. Although scenario modelling allows for this, these scenarios are based on our best estimates of land owners' behaviour and does not consider future policy direction. They are an estimate only. Upper range assumes carbon prices around \$50, average afforestation rates around 44,000 hectares per year 2020–50, and low deforestation rates. The mid-range assumes carbon prices around \$35, average afforestation rates around 35,000 hectares per year 2020–50, and deforestation rates declining to around 750 hectares per year by 2050. Lower range assumes carbon prices around \$20, average afforestation rates around 24,000 hectares per year 2020–50, and higher deforestation rates.

Other opportunities

Effective use of production forests as a renewable resource could support our transition.

Residues from harvest and wood processing are our largest source of renewable biomass, accounting for between 60 and 70 per cent of all residual and waste biomass resources. This resource will play an important role in the transition by providing low-emissions substitutes for emissions-intensive materials and fossil fuels. For example, research completed last year estimated there are sufficient wood residues generated through the harvest of existing production forests to replace 70 per cent of domestic aviation fuel consumption, or 30 per cent of all diesel consumption, with biofuels made from wood biomass (see [Moving Aotearoa to a circular economy](#)).

The Climate Change Commission's pathway: challenges and opportunities

The Commission proposes a significant shift in the level and type of afforestation compared to current projections. The most recent projections⁵⁴ suggest that between 450,000 and 710,000 hectares of new forest could be established between 2020 and 2035, with around 9 per cent native forest.

The Commission's pathway has around 710,000 hectares of new forest over the same period, with around 43 per cent (over 300,000 hectares) of that native. Rates of native afforestation reach 25,000 hectares in 2031 and continue at that rate out to 2050.

To put this in perspective, Te Uru Rākau New Zealand Forest Service estimates that up to 2.7 million hectares of low-productivity pastoral land may be suitable for new afforestation.

⁵³ Forestry's contribution to emissions budgets and net zero includes sequestration from post-1989 forests up until their long-term average carbon stock, and emissions from pre-1990 and post-1989 forest deforestation activities.

⁵⁴ The projections were updated after the [Afforestation Deforestation Intentions Survey](#).

This includes about 1.5 million hectares that could be suitable for planting production forestry, and 1.2 million hectares for new permanent forest, due to steep, erosion-prone land.

We are carefully considering how to encourage greater afforestation with native trees, particularly on land where there are few alternative uses due to economic and environmental limitations. Afforestation, including regeneration, will mainly be on private land (including Māori land), and we need to understand the support and incentives that could encourage land owners and others to undertake afforestation.

The sequestration pathway for forestry and the appropriate mix of forests must take into account uncertainty in afforestation rates and how policy uncertainty and change may lead to under- or over-delivery of forest sequestration.

How we plan for forests to meet our targets

What we are doing now

Grants and incentives

Current and historical grants and incentives have driven, and in some cases continue to drive, afforestation in Aotearoa. These schemes include the One Billion Trees Fund, Crown Forestry Joint Ventures, Permanent Forest Sink Initiative, Afforestation Grant Scheme, Hill Country Erosion Programme, and the Erosion Control Funding Programme.

Many of these forests will sequester carbon that counts towards our targets for decades to come (though grant-funded forests may not all be eligible to enter the NZ ETS⁵⁵).

We estimate that forests planted as a result of these grants could sequester around 46 million tonnes CO₂e between 2022 and 2035.

New Zealand Emissions Trading Scheme

The NZ ETS is an important driver of afforestation, alongside log prices and the availability of affordable land.

Owners of eligible forests established after 1989 can register their forests in the NZ ETS and earn New Zealand Units (NZUs) for the carbon they sequester. They can choose to keep these NZUs or sell them.

Pre-1990 exotic forests face an NZ ETS deforestation liability (with some exceptions⁵⁶) if the land is converted to a new use, such as farming. Post-1989 forests registered in the scheme are estimated to sequester around 91 million tonnes of CO₂e from 2022 to 2035.⁵⁷

Afforestation rates are expected to continue to increase as the carbon price increases. The NZ ETS reforms have made it easier to participate in the scheme. This includes averaging

⁵⁵ Both the Afforestation Grant Scheme (for all species) and the One Billion Trees Fund (for *Pinus radiata*) have stand-down periods where grant-funded forests cannot be registered in the NZ ETS. These were put into place to ensure the Crown was not 'paying' the forester twice: once with the grant and once with NZUs. The length of the stand-down ensures the value of the forgone NZ ETS NZUs was equal to the grant rate when the grant was issued.

⁵⁶ [When deforestation obligations don't apply](#), MPI.

⁵⁷ Under our international Kyoto Protocol and 2030 Paris Agreement, Aotearoa is liable for all forest deforestation.

accounting (which provides more certainty on the returns from rotation forestry), and a new category for permanent forestry (incorporating the Permanent Forest Sink Initiative). Regulations to implement these decisions are in development, and are expected to come into force from 1 January 2023 (see [Emissions Pricing](#)).

Working with Māori on forestry opportunities

Māori have an interest across the whole forestry system, and are well positioned to contribute to and lead developments in forestry, both for exotic and native species.

Māori own \$4.3 billion of forestry assets and more than 30 per cent of land under plantation, and large areas of native forest. A high proportion of Māori freehold land is pre-1990 forest.

Forestry is a significant employer, with around 2200 Māori working in the sector.⁵⁸ About 80 per cent of Māori-owned land is less versatile,⁵⁹ and if not already forested, is often suitable for forest cover.

We will work in close partnership with Māori to develop and implement forestry policies. We propose working with Māori groups, including forestry experts, over the remainder of 2021 to identify priorities and develop a Māori engagement strategy. This will guide how we work with Māori to develop policy from 2022.

Forestry and Wood Processing Industry Transformation Plan (ITP)

There is potential to reduce emissions by replacing emissions-intensive materials and fossil fuels with domestically manufactured wood products and wood-derived bioenergy, such as biofuels. Long-lived wood products such as engineered wood products could also be a substitute for emissions-intensive materials such as concrete and steel, and store carbon for many decades.

The Forestry and Wood Processing ITP will identify interventions to:

- increase onshore processing
- lift productivity
- scale up internationally competitive wood-processing clusters
- create a roadmap for transforming the sector.

It will develop a clear role for the Government in transforming the forestry sector, and set out a framework of policies for implementation.

The ITP will consider options for how forests can provide a more consistent supply of wood fibre, to attract investment in the production of low-emissions wood products and biofuels.

A draft of the ITP will be released for public consultation by early 2022.

⁵⁸ Business and Economic Research Limited (BERL) and the Reserve Bank of New Zealand. 2020. [Te Ōhanga Māori 2018 – The Māori Economy 2018](#).

⁵⁹ Statistics New Zealand, [Land fragmentation](#).

A new planning and advisory service

The Government is setting up a new planning and advisory service within Te Uru Rākau New Zealand Forest Service. It will support the priorities for forests and forest products that emerge from the emissions reduction plan.

Potential policies*Decisions on sequestration will shape our path to net zero*

The amount of sequestration required to meet our climate change targets will depend on how quickly we reduce gross emissions from all other sectors. To determine the optimal sequestration pathway, we will seek to balance the benefits of forestry against the risk that relying on sequestration might discourage the timely reduction of emissions.

Forestry is a long-term investment, and forest owners and managers need certainty to achieve the level of afforestation needed to meet our targets.

The [Emissions pricing](#) section of this document sets out the work proposed to consider the role of forestry in the NZ ETS over the longer term. That section seeks your feedback on whether NZ ETS-driven afforestation risks delaying gross emissions reductions in other sectors and tests the options presented by the Commission for feedback. It also sets out consultation questions on this topic.

If the Government decides that there is a need to manage the role of forestry removals in the NZ ETS, then this will shape the approach to further work set out below.

Establishing a long-term carbon sink

A variety of native and exotic species can form a permanent forest cover that delivers long-term sequestration, to offset hard-to-abate gases and sectors.

Native forests

New and regenerating native forests typically sequester carbon at a slower rate than exotic species. However, they provide other benefits such as native biodiversity, erosion control, freshwater quality, and social and cultural value. Current rates of native forest regeneration and establishment are low. The costs of establishing and maintaining native forests, particularly on marginal land, are high⁶⁰ and there are limited commercial returns.

We will investigate how to overcome barriers to planting and regenerating native forest. This will include working with the native nursery sector, and looking at the optimal mix of investment, direct regulation and price. We will decide on shorter term options regarding financial support by the end of 2021.

⁶⁰ The cost of establishing one hectare of native forest depends on the purpose and type of forest. Initial stocking rates can vary from 750 stems per hectare to 5000+. A native forest established through regeneration or planting may cost from around \$1500 to \$50,000 per hectare, the lower end based on pure mānuka planting rather than mixed native. Species selection, plant size, site preparation, fencing, supplementary planting and maintenance (including pest and weed control) can have significant impact on the costs of a successful forest (native and exotic). In comparison, planting radiata pine may cost from around \$1500 to \$2500 per hectare. Regional variation, including topography and access, can also have a significant impact.

By the end of 2023 we will deliver a broader package of changes to bring down the cost of planting native forests, improve economic return, address supply chain barriers, develop sustainable models to incentivise afforestation and improve planting success.

Exotic forests

Exotic forests that provide permanent canopy cover can offer rapid, long-term sequestration and wider benefits, such as erosion control. Some land owners, including some Māori land owners, consider permanent or long-rotation exotics the most viable option for remote and marginal land. There are already examples of this, such as the long-lived redwood species.

Increasingly, non-harvest permanent pine is being planted mainly for carbon. We are aware that some communities are concerned about the potential impacts of large-scale permanent exotic forests on local economies and jobs, particularly if the land is suitable for other uses.

We will investigate the role of different types of permanent exotic forests, and whether and how the Government can influence the type, location or scale of these forests, with the aim of making decisions by the end of 2022. This will include options to ensure exotic plantation forests transitioning to native forests are managed in line with that intent.

Enabling and managing afforestation to achieve wider benefits and avoid adverse effects

We will look at whether there are opportunities to help deliver the Government's objectives for forestry through the current reform of the RMA. Existing national direction under the RMA, including the National Environmental Standards for Plantation Forestry (NES-PF), will be moved into the proposed National Planning Framework.⁶¹ Where forests are not covered by the NES-PF, councils can make their own rules under the RMA. The RMA reform is an opportunity to consider how the potential risks and environmental effects may be managed, and whether national regulation is appropriate.

There may be opportunities for the regulatory system to support afforestation and sector development within the broader array of rural land uses and priorities.

We will consider other options outside the RMA to influence afforestation and forest management decisions, for example, targeting investment to marginal land, amending NZ ETS eligibility settings, and the new planning and advisory service.

We will investigate options to improve the resource management system, and to manage any environmental effects of forests, with the aim of making these decisions by the end of 2022.

Managing existing forests

There are 7.7 million hectares of native forest, and around 1.4 million hectares of pre-1990 planted exotic forest.

Of the native forest, there was an estimated 750 hectares (less than 0.01 per cent) of pre-1990 native deforestation in 2019 – 401 hectares was regenerating and 349 hectares tall forest.⁶²

⁶¹ Plantation forests are deliberately established for commercial purposes, being at least one hectare of continuous cover of species that have been planted and have or will be harvested or replanted; NES-PF, regulation 3.

⁶² Ministry for the Environment. 2021. *New Zealand's greenhouse gas inventory 1990–2019*. Wellington: Ministry for the Environment.

Aotearoa can claim both additional carbon storage that results from changes in how these forests are managed (if robust methods can be developed for estimating these) and avoided emissions in our pre-1990 forests towards our targets.

The main opportunity to improve climate outcomes from existing forests is through large-scale pest management.

We will also need to consider the balance between public and private investment. Rewarding landowners for extra sequestration in existing pre-1990 forest will be complex because of the challenges in measuring this. Work on these issues must align with and complement the work of the He Waka Eke Noa partnership and support the implementation of the Biodiversity Strategy.⁶³

We intend to have a longer term work programme agreed by the end of 2021, building the evidence base for interventions to maintain and enhance sequestration and/or avoid carbon loss in existing forests.

Making an equitable transition

Afforestation is likely to be concentrated in areas of marginal, low-cost hill country, which often faces long-term demographic challenges. The purpose, scale and rate of afforestation will have different impacts at a local level (for example, whole-farm conversion vs forestry integrated on farms; production vs permanent forest).

More domestic processing of wood and better use of wood residues onshore is likely to increase benefits for communities, including more jobs.

A recent report by PwC has calculated that every 1,000 hectares of production forestry on average (per year) over its production cycle (25 to 30 years) contributes \$1.7 million directly to the Aotearoa economy, and 11 direct full-time equivalent jobs (FTEs). When the indirect and induced contributions are added, the whole of the supply chain contributes \$4.6 million and 38 FTEs per year on average. This compares with a direct contribution of \$0.7 million and seven full-time equivalent jobs from sheep and beef farming. With indirect and induced contributions added, the whole of the sheep and beef supply chain adds up to \$1.7 million and 17 FTEs. However, some caution needs to be taken in generalising from the results in the PwC report, as the figures are national averages and do not reflect the specific local impacts from any particular 1,000 hectares.

Afforestation can be concentrated on marginal land with high biodiversity value, and can affect native ecosystems.⁶⁴ Trees can be profitably integrated into hill-country farms to support a range of objectives including economic diversification, erosion control and native biodiversity.

Māori land owners often face constraints to developing land (for example, land is remote, ownership is complex, capital constraints), and policies such as grants, information and advisory services have often been poorly targeted to their specific needs. Policies such as the NZ ETS liabilities for the deforestation of pre-1990 exotic forest have limited land-use flexibility, particularly on land returned through Te Tiriti o Waitangi (Treaty of Waitangi) settlements. To ensure an equitable transition, we must design new models for sustainable land use that support people and are developed in partnership with Māori.

⁶³ Objective 13 of the Aotearoa NZ Biodiversity Strategy 2020 relates to nature-based solutions to climate change.

⁶⁴ The Government is developing is proposing a [National Policy Statement for Indigenous Biodiversity](#).

QUESTIONS

106. Do you think we should look to forestry to provide a buffer in case other sectors of the economy under-deliver reductions, or to increase the ambition of our future international commitments?
107. What do you think the Government could do to support new employment and enable employment transitions in rural communities affected by land-use change into forestry?
108. What's needed to make it more economically viable to establish and maintain native forest through planting or regeneration on private land?
109. What kinds of forests and forestry systems, for example long-rotation alternative exotic species, continuous canopy harvest, exotic to native transition, should the Government encourage and why?
 - a. Do you think limits are needed, for example, on different permanent exotic forest systems, and their location or management? Why or why not?
 - b. What policies are needed to seize the opportunities associated with forestry while managing any negative impacts?
110. If we used more wood and wood residues from our forests to replace high-emitting products and energy sources, would you support more afforestation? Why or why not?
111. What role do you think should be played by:
 - a. central and local governments in influencing the location and scale of afforestation through policies such as the resource management system, ETS and investment
 - b. the private sector in influencing the location and scale of afforestation?

Please provide reasons for your answer.
112. Pests are a risk to carbon sequestration and storage in new, regenerating and existing forest. How could the Government support pest control/management?
113. From an iwi/Māori perspective, which issues and potential policies are a priority and why, and is anything critical missing?
114. Are there any other views you wish to share in relation to forestry?

How to have your say

The Government welcomes your feedback on this discussion document. The questions posed throughout this document can also be found on the Ministry for the Environment's website. They are a guide only; all comments are welcome. You do not have to answer all the questions.

To ensure your point of view is clearly understood, you should explain your rationale and provide supporting evidence where appropriate.

Timeframes

This consultation starts on 13 October 2021 and ends on 24 November 2021.

When the consultation period has ended, officials will analyse submissions and provide advice to the Government on the strategies and policies to be included in the emissions reduction plan.

How to provide feedback

There are two ways you can make a submission:

- via Citizen Space, our consultation hub, at <https://consult.environment.govt.nz/climate/emissions-reduction-plan>
- write your own submission.

If you want to provide your own written submission you can provide this as an uploaded file in Citizen Space.

We request that you don't email or post submissions, as this makes analysis more difficult. However, if you need to, please send written submissions to *Emissions reduction plan consultation, Ministry for the Environment, PO Box 10362, Wellington 6143* and include:

- your name or organisation
- your postal address
- your telephone number
- your email address.

If you are emailing your feedback, send it to climateconsultation2021@mfe.govt.nz as a:

- PDF, or
- Microsoft Word document (2003 or later version).

Submissions close at 11.59pm, 24 November 2021.

More information

Please direct any queries to:

Email: climateconsultation2021@mfe.govt.nz

Postal: Emissions reduction plan consultation, Ministry for the Environment, PO Box 10362, Wellington 6143

Publishing and releasing submissions

All or part of any written submission (including names of submitters), may be published on the Ministry for the Environment's website, environment.govt.nz. Unless you clearly specify otherwise in your submission, the Ministry will consider that you have consented to website posting of both your submission and your name.

Contents of submissions may be released to the public under the Official Information Act 1982 following requests to the Ministry for the Environment (including via email). Please advise if you have any objection to the release of any information contained in a submission and, in particular, which part(s) you consider should be withheld, together with the reason(s) for withholding the information. We will take into account all such objections when responding to requests for copies of, and information on, submissions to this document under the Official Information Act.

The Privacy Act 2020 applies certain principles about the collection, use and disclosure of information about individuals by various agencies, including the Ministry for the Environment. It governs access by individuals to information about themselves held by agencies. Any personal information you supply to the Ministry in the course of making a submission will be used by agencies working on the emissions reduction plan (the Ministry for the Environment; Ministry of Foreign Affairs and Trade; Ministry of Business, Innovation, and Employment; Ministry of Transport; Ministry of Primary Industries; Ministry of Housing and Urban Development; Ministry of Social Development; Department of Prime Minister and Cabinet; Te Puni Kōkiri; Treasury; Te Arawhiti; Te Waihanga; Public Service Commission; Waka Kotahi; Energy Efficiency & Conservation Authority) only in relation to developing the emissions reduction plan, including assessing policies within the plan. Please clearly indicate in your submission if you do not wish your name to be included in any summary of submissions that the Ministry for the Environment may publish.

Appendix: Waste emission policy options and supporting technical information

Table 10: Waste policies abatement scenarios for each budget period

Policy/programme	First budget 2022–25 (kt CO ₂ e)	Second budget 2026–30 (kt CO ₂ e)	Third budget 2031–35 (kt CO ₂ e)	All budgets 2022–50 (kt CO ₂ e)
Food waste kerbside collection				
Low – kerbside collection in major urban areas (pop > 100,000)	-16	-147	-231	-1,183
Medium – kerbside collection in major and large urban areas (pop > 30,000)	-24	-218	-344	-1,757
High – kerbside collection in major, large and medium urban areas (pop > 10,000)	-25	-235	-371	-1,895
Garden waste kerbside collection				
Low – kerbside collection in major urban areas (pop > 100,000)	+6	+10	-19	-206
Medium – kerbside collection in major and large urban areas (pop > 30,000)	+10	+16	-31	-332
High – kerbside collection in major, large and medium urban areas (pop > 10,000)	+11	+18	-34	-362
Limits and ban on food and garden waste to managed landfill				
Low – ban on food and garden waste by 2040	-16	-224	-542	-4,445
Medium – ban on food and garden waste by 2035	-12	-350	-832	-5,317
High – ban on food and garden waste by 2030	-18	-438	-1,050	-5,754
Limits and ban on other organic waste (non-food and garden) to managed landfill				
Low – ban on other organic waste by 2040	-8	-86	-240	-2,370
Medium – ban on other organic waste by 2035	-9	-130	-367	-2,927
High – ban on other organic waste by 2030	-13	-166	-458	-3,218
Reduction of paper waste to managed landfill due to commercial recycling initiatives				
Low – 15% reduction of paper waste	-2	-23	-64	-466
Medium – 30% reduction of paper waste	-4	-47	-127	-932
High – 50% reduction of paper waste	-7	-78	-212	-1,553
Reduction of wood waste to managed landfill due to construction changes				
Low – 5% reduction of wood waste	-1	-6	-17	-125
Medium – 10% reduction of wood waste	-1	-12	-34	-250
High – 20% reduction of wood waste	-2	-25	-68	-499

Policy/programme	First budget 2022–25 (kt CO ₂ e)	Second budget 2026–30 (kt CO ₂ e)	Third budget 2031–35 (kt CO ₂ e)	All budgets 2022–50 (kt CO ₂ e)
Reduction of food and garden waste due to education campaign				
Low – small-scale campaign	-5	-29	-37	-200
Medium – medium-scale campaign	-7	-38	-49	-267
High – large-scale campaign	-9	-48	-61	-334
Expansion of landfill gas (LFG) capture to managed landfills without LFG capture systems				
Low – expansion to largest landfill (without existing system)	-64	-332	-260	-1,123
Medium – expansion to two largest landfills	-93	-483	-379	-1,637
High – expansion to all managed landfills except small (<500 tonnes annual waste)	-163	-846	-663	-2,866
Existing LFG capture system efficiency improvement				
Low – efficiency improvement by 1% (absolute)	-20	-76	-119	-626
Medium – efficiency improvement by 2.5% (absolute)	-49	-190	-298	-1,564
High – efficiency improvement by 5% (absolute)	-99	-380	-596	-3,128
Limits and ban on organic waste to unmanaged landfill*				
Low – ban on organic waste by 2040	-28	-272	-738	-6,957
Medium – ban on organic waste by 2035	-30	-411	-1,127	-8,661
High – ban on organic waste by 2030	-42	-525	-1,406	-9,570
Total reduction				
Low	-138	-982	-1,874	-15,313
Medium	-197	-1,522	-2,887	-19,436
High	-335	-2,235	-3,870	-23,006
Emissions without these policies	12,858	15,855	15,741	91,721
Emissions with these policies				
Low	12,720	14,873	13,867	76,408
Medium	12,661	14,333	12,854	72,285
High	12,523	13,620	11,871	68,715
Emissions budget (Commission's path)	12,402	13,516	11,598	64,135

Note: negative values indicate emissions reductions; positive values indicate increased emissions

Glossary

Term	Definition
2050 target	Net zero emissions of all greenhouse gases (except biogenic methane) and biogenic methane emissions reductions of 24–47 per cent below 2017 levels.
Abatement	Efforts to reduce or remove emissions.
Active travel	Walking, cycling and other non-motorised forms of travel.
Adaptation	Efforts to respond to a changing climate.
Anaerobic digestion	The process of breaking down organic material in the absence of oxygen; used to manage waste or to produce fuels.
Bioenergy	Renewable energy produced by living organisms.
Biofuel	Fuel produced from plant or animal waste.
Biogenic methane	Biogenic methane is made in different ways by natural processes involving plants and animals. As a greenhouse gas, methane is 25 times more potent than CO ₂ and dominates emissions from waste and agriculture. Human activities create additional methane emissions that otherwise would not have occurred naturally (such as through decomposition of organic waste in landfills). Biogenic methane emissions from agriculture and waste make up 41 per cent of our gross emissions (agriculture 91 per cent, waste 9 per cent).
Carbon sequestration/sink	Any reservoir, natural or otherwise, that absorbs more carbon than it releases, thereby lowering the concentration of CO ₂ in the atmosphere. Examples include vegetation, forests, peatland and the ocean.
CCRA	Climate Change Response Act 2002.
Circular economy	An economic system based on designing out waste and pollution, reusing products and materials, and regenerating natural systems.
Cleantech	Clean technology – refers to a wide range of environmentally friendly practices and technology.
Climate Change Commission (the Commission)	A Crown entity that gives independent, evidence-based advice to the Government, to help Aotearoa move to a climate-resilient, low-emissions future.
Climate Change Response (Zero Carbon) Amendment Act	This Act sets a framework for emissions targets: reduce net emissions of all greenhouse gases (except biogenic methane) to zero by 2050; and reduce emissions of biogenic methane to 24–47 per cent below 2017 levels by 2050, including to 10 per cent below 2017 levels by 2030.
CO₂	Carbon dioxide.
CO_{2e}	Carbon dioxide equivalent. Used to describe and compare different types of greenhouse gases, by comparing their warming potential to that of CO ₂ .
Cost containment reserve (CCR)	The CCR is a reserve volume of units available to be released to the NZ ETS market if the CCR trigger price is hit at auction.
Decarbonise	Reduce CO ₂ emissions through the use of low-carbon power sources.

Term	Definition
Distributional impacts	The effects of environmental policies (for example, higher transport or energy costs) across households, iwi/Māori, businesses, communities and regions. Some groups may pay more, or receive fewer benefits from the policies.
Embodied emissions	For construction materials or products, this is the amount of carbon emissions released throughout their supply chains. This includes raw material extraction and transportation, manufacturing processes, construction site activities and material losses, repair, maintenance and replacement, as well as the end-of-life processing. For a building, the embodied carbon is the sum of the embodied carbon of all the constituent materials or products within the building.
Emissions budget	The cumulative amount of greenhouse gases that can be emitted over a certain period. Aotearoa legislation requires three budgets to be in place at any given time.
Emissions	Greenhouse gases, especially CO ₂ , released into the atmosphere, where they trap heat or radiation.
Emissions reduction plan	A pathway towards the 2050 emissions target, with policies and strategies to reduce and remove emissions, in order to meet each emissions budget.
F-gases	Fluorinated gases, mainly used as refrigerants for heating and cooling.
Fossil fuels	Fuels such as coal, fossil gas and LPG, that release greenhouse gases and have potential health risks.
Fossil gas	Commonly known as natural gas. The term 'fossil gas' is used to distinguish methane from the lithosphere (under the ocean floor or on land) from methane from the biosphere (animal and biological waste). See biogenic methane.
Fugitive emissions	Leaks of gases or vapours from containers (for example, appliances, storage tanks).
Global Warming Potential (GWP)	The GWP of a greenhouse gas is its ability to trap extra heat in the atmosphere over time, compared to CO ₂ . A common GWP scale allows us to compare the impact of emissions and reductions of different gases.
Greenhouse gases	Gases in the atmosphere that trap the sun's heat by preventing it from leaving the atmosphere. Common greenhouse gases include water vapour, CO ₂ , methane and nitrous oxide. Greenhouse gases covered by the CCRA are CO ₂ , methane, nitrous oxide, HFCs, perfluorocarbons and sulphur hexafluorides.
Hydrofluorocarbons (HFCs)	Manmade greenhouse gases, with high GWP, used in refrigeration, air conditioning and other processes.
Hydrofluoroolefins	Alternative natural refrigerants with low GWP and zero ozone depletion potential.
ICE	Internal combustion engine (eg, in vehicles), which uses petrol or diesel and emits CO ₂ .
Kaitiakitanga	Stewardship, guardianship.
Kt CO₂e	Kilotonnes (thousand tonnes) CO ₂ e.
LFG	Landfill gas, a by-product of decomposing organic waste in landfills, mainly composed of methane and CO ₂ .

Term	Definition
LFG capture	The process used at modern landfills to capture landfill gas, which is then used for energy or flared.
LPG	Liquefied petroleum gas.
Managed landfill	Class 1 or municipal solid waste landfill (classification used for our greenhouse gas inventory).
Mātauranga Māori	Māori knowledge and knowledge systems.
Mitigation	Efforts to reduce or prevent emissions.
Mode-shift	A change from one form of transportation to another, eg, from a car to a bike.
MRF	Materials recovery facility.
Mt CO₂e	Megatonnes (million tonnes) CO ₂ e.
Municipal landfill	A landfill that accepts household waste as well as other wastes. Classified as Class 1.
NABERSNZ rating	An independent, government-backed system for rating the energy efficiency of office buildings.
National Climate Change Risk Assessment (NCCRA)	In August 2020, the Government released the first National Climate Change Risk Assessment. This risk assessment highlighted risks covering all aspects of life from our ecosystems and communities to buildings and the financial system. The Government is now working on developing its response to the risks in the report, through the National Adaptation Plan. The Climate Change Commission will produce further national climate risk assessments at least every six years.
NDC	Nationally Determined Contribution (NDC). An NDC represents the contribution a party to the Paris Agreement will make to the global effort to reduce emissions (both domestically and internationally). Our first NDC is currently an economy-wide, absolute emissions reduction target to reduce greenhouse gas emissions by 30 per cent below 2005 levels by 2030.
Net zero	In Aotearoa this means completely negating the amount of greenhouse gases, produced by human activity (except biogenic methane) by 2050. This can be done by balancing emissions and removals of greenhouse gases, or by eliminating emissions from society.
NZ ETS	New Zealand Emissions Trading Scheme is a key tool for meeting our domestic and international climate change targets. It places a price on greenhouse gas emissions and requires all sectors of our economy, except agriculture, to pay for their emissions.
Operational emissions	Emissions from energy and other resources used when operating a building.
Ozone	A gas that occurs high in the atmosphere, where it protects the earth's surface from harmful ultraviolet (UV) rays. Some greenhouse gases and human activity can deplete ozone and reduce its protective effect.
Paris Agreement	A legally binding international treaty on climate change mitigation, adaptation and finance, adopted by 196 parties in Paris and signed in 2016.

Term	Definition
Product stewardship	A scheme in which a producer, importer, retailer or consumer takes responsibility for reducing a product's environmental impact.
Rangatiratanga	Right to exercise authority and leadership, self-determination, ownership.
Recovery	Reusing and recycling waste.
Resilience	The ability to prepare for, and respond to hazards, risks and trends related to climate change.
Rohe	District, region, territory.
RMA	Resource Management Act 1991.
Shared mobility	Transportation resources or services that are shared among users. This includes carpools, car sharing and shared micromobility.
Submission	Feedback and views from individuals or organisations on a proposal (eg, in a discussion document), which they send to the relevant Ministry.
Takiwā	District, region, territory.
Te ao Māori	The Māori world view, acknowledging the interconnectedness of all living and non-living things.
Te Tiriti	Te Tiriti o Waitangi/the Treaty of Waitangi.
The Ministry	The Ministry for the Environment.
Waste disposal levy	A levy (fee) on waste sent to municipal (Class 1) landfills. Revenue from the levy is used for initiatives to reduce waste and encourage resource recovery. From 2021 this rate will progressively increase and from 2022 the levy will be expanded to apply to more landfill types.
Waste hierarchy	A pyramid framework ranking the preferred order of waste disposal, with preventing and reducing waste at the top, and sending to landfill at the bottom.
Zero Carbon Framework	A legislated framework that includes tools to reduce our greenhouse gas emissions (targets, emissions budgets and emissions reduction plans) and improve our climate resilience (national climate change risk assessments and national adaptation plans).

Te hau mārohi ki anamata

Transitioning to a low-emissions and climate-resilient future

Introduction

Government proposed budgets for 2022-25, 226-30, 2031-35 (Mt CO₂e)

Budget period	2022-25	2026-30	2031-35
All gases, net (AR5)2	292	307	242
Annual average	73.0	61.4	48.4

Modelled emissions reduction estimates from new and proposed policies to help meet the proposed budget for 2022-25 (Mt CO₂e)

	Low policy impact	High policy impact
Transport	0.7	1.3
Energy and industry	1.5	3.3
Waste	0.1	0.3
F-gases	0.2	0.7
Total	2.6	5.6
Gap between current estimates of policy impacts and emissions reductions required to meet first emissions budget	5.1	2.1

Note: A number of uncertain factors will influence reductions. The ranges here represent lower and upper bounds, although these could be crossed. Some impact estimates are provisional or unavailable. The uncertainty varies and should be considered high.

Meeting the net zero challenge

Transition Pathways

- A vision for a productive, sustainable and inclusive Aotearoa
- Principles for the transition:
 - A fair, equitable and inclusive transition
 - An evidence-based approach
 - Environmental and social benefits beyond emissions reductions
 - Upholding Te Tiriti o Waitangi
 - A clear, ambitious and affordable path

- Having the right mix of actions:
 - o Effective emissions price through a strengthened New Zealand Emissions Trading Scheme (NZ ETS)
 - o Policy measures that work strategically alongside the NZ ETS price, such as well-targeted regulation and additional measures to remove other barriers
 - o Mechanisms for public and private investment in innovation and infrastructure for long-term transition
 - o Helping nature to thrive and supporting the wellbeing of communities and people
- Investment: The economy will continue to grow as we make the transition, and the sooner we act, the better the economic outcomes. The Climate Change Commission modelled the long-term impact of making all the changes required to follow their pathway to the 2050 target. This estimated an overall reduction of gross domestic product (GDP) in 2050 of around 1.2 per cent.¹⁰ The Commission also modelled a scenario where key actions were delayed (for example, the move to electric vehicles (EVs) a
- Aligning the transition with other priorities: Reduction measures must be integrated with strategies for industry, infrastructure, housing and urban development; fiscal management; and plans for building resilience to the physical effects of climate change.
- Building resilience: In August 2020 the Government released the first National Climate Change Risk Assessment.
- Mitigate the risks: Emissions can be reduced in ways that increase our resilience. Nature-based solutions such as supporting native bush to regenerate can help sequester emissions and build resilience to the impacts of climate change.

Working with our Tiriti partners

- Potential measures:
 - o Upholding the principles of Te Tiriti
 - o Making change in partnership
 - o A Māori-led transition

Making an equitable transition

- What is being done:
 - o Helping businesses improve energy efficiency and switch to lower emissions fuels (GIDI fund and EECA)
 - o Supporting small businesses (Climate Action Toolbox)
 - o Funding insulation and heating for households (Warmer Kiwi Homes)
 - o Setting Minimum Energy Performance Standards for products (EECA)
 - o Etc
- Potential measures:
 - o Reducing risks for firms and households
 - o Promoting business and job opportunities

- Supporting workers, households and communities
- Monitoring and responding to impacts

Aligning systems and tools

Government accountability and coordination

- What is being done:
 - Government leadership
 - Aligning procurement with low emissions, and promoting investment
 - The Carbon Neutral Government Programme
- Potential and proposed measures:
 - Implementing the emissions reduction plan
 - Working together in new ways

Funding and financing

- What is being done:
 - Aligning public finance
 - Mobilising private finance
 - Access to finance to support the transition

Emissions pricing

- What is being done:
 - NZ ETS: The Government has announced that the unit volumes in the NZ ETS and the price control settings will be updated from 1 January 2022, in line with the Commission's recommendation.
- Potential and proposed measures:
 - Encouraging gross emission reductions through the NZ ETS
 - A rising NZ ETS price under current settings may drive more forestry rather than gross emissions reductions over the long term
 - Climate Change Commissions (CCC) recommends further NZ ETS amendments
 - Future carbon sequestration incentives
 - Improving market governance
 - Reviewing free industrial allocation

Planning

- What is being done:
 - National direction on urban development
 - Partnerships between iwi/Māori and central and local government
 - Building for Climate change Programme
 - Kāinga Ora programme supported by a Housing Acceleration Fund

- Proposed policies and measures:
 - RMA reform and alignment of the LGA, Land Transport Management Act and the Building Act
 - 30-year infrastructure strategy
 - Government Policy Statements on Housing and Urban Development
 - Integrating emissions into urban planning and funding

Research, science and innovation

- What is being done:
 - Research and Development Tax incentive
 - Vision Mātauranga
 - The Endeavour Fund
 - Research on agricultural emissions
 - Supporting and commercialising innovation
- Potential measures:
 - Future Pathways programme
 - Start-Up Action Plan
 - Mission-orientated innovation

Behaviour change – empowering action

- What is being done:
 - GenLess public campaigns
 - Environmental Education for Sustainability Strategy and Action Plan
 - Climate Change – prepare today, live well tomorrow
 - He Waka Eke Noa
 - BikeREady
 - Guidance for voluntary offsetting in New Zealand
- Potential and proposed measures:
 - Behavioural change fund

Moving Aotearoa to a circular economy

- What is being done:
 - Developing a refreshed national waste strategy with a focus on circular economy
 - Funding circular economy innovation and economic development opportunities
- Potential and proposed measures:
 - Moving to a circular economy with a thriving bioeconomy

Transitioning key sectors

Transport

- What is being done:
 - Clean Car Standard (2022)
 - Clean Car Discount (2021)
 - Transitioning to a low-emissions Government fleet
 - Low-Emissions Transport Fund (LETF)
 - Extending the light EV exemption from road user charges to 2024
 - Zero-emission vehicle (ZEV) mandate
 - Extending heavy EV exemption from road user charges
 - Decarbonising public transport
 - The NZ Rail Plan
 - Coastal shipping investment
 - Annex VI of the International Convention for the Prevention of Pollution from Ships (MARPOL)
- ⇒ Transport is on track for the first budget period. However, these policies alone are not sufficient to achieve budget 2 and 3.
- Potential and proposed measures:
 - Four transport targets:
 - Reduce vehicle kilometres travelled (VKT) by cars and light vehicles by 20% by 2030 through providing better travel options, particularly in our largest cities
 - Increase zero-emission vehicles to 30% of the light fleet by 2035
 - Reduce emissions from freight transport by 25% by 2035
 - Reduce the emissions intensity of transport fuel by 15% by 2035
 - Three focuses:
 - Focus 1: Reducing reliance on cars and supporting people to walk, cycle and use public transport
 - Focus 2: Rapidly adopting low-emission vehicles and fuels
 - Focus 3: Beginning work now to decarbonise heavy transport and freight
 - Actions for focus 1:
 - Integrate land-use, urban development and transport planning and investments to reduce transport emissions
 - Implement mode-shift plans for our largest cities and begin planning for other urban areas
 - Improve the reach, frequency and quality of public transport
 - Provide national direction to deliver a step-change in cycling and walking rates

- Support LG to accelerate widespread street / road reallocation to support public transport, active travel and placemaking
- Making school travel greener and healthier
- Improve access and travel choice for the transport disadvantaged
- Reduce public transport fares
- Investigate the potential for public transport, walking and cycling in rural and provincial areas
- Enable congestion pricing and investigate how we can use other pricing tools to reduce transport emissions
- Require further roadway expansion and new highways to be consistent with climate change targets

- Actions for focus 2:
 - Implement community-based solutions to make low-emission vehicles (including e-bikes) more accessible for low-income New Zealanders, and others facing transport disadvantage
 - Introduce measures to avoid New Zealand becoming a dumping ground for high-emitting vehicles
 - Set a maximum CO₂ limit for individual light ICE vehicle imports to tackle the highest emitting vehicles
 - Investigate how the tax system could support clean transport options
 - Introduce a vehicle scrappage scheme to support low-income New Zealanders' shift to low-emissions transport
 - Partner on solutions to supply constraints for low-emissions vehicles
 - Determine whether there are legislative barriers to the use of some types of low-emission vehicles
- Actions for focus 3:
 - Accelerate the decarbonisation of trucks
 - Develop a Freight and Supply Chain Strategy
 - Implement the New Zealand Rail Plan (the Rail Plan) and investigate options to encourage greater use of coastal shipping
 - Investigate ways to reduce aviation emissions
 - Investigate ways to reduce maritime emissions
 - Introduce a sustainable biofuels mandate
 - Produce a national EV infrastructure plan
- Cross-cutting actions:
 - Develop a strong evidence base
 - Embed long-term planning
 - Information and education to support change
 - Skills and capability

Energy and industry

- What is being done:
 - Supporting businesses and industry to decarbonise
 - Accelerating the uptake of energy-efficiency measures and technology
 - Supporting development and use of low-emissions fuels
- Potential and proposed measures:
 - A New Zealand Energy Strategy
 - Setting targets for the energy system
 - Preparing the electricity system for future needs

- Phasing out fossil gas while maintaining consumer wellbeing and security of supply
- Decarbonising industry
- Addressing current data gaps on energy use in Aotearoa and associated emissions through an Energy and Emissions Reporting scheme
- Supporting development and use of low-emissions fuels
- Policies for and equitable transition:
 - Addressing industry transition
 - Keeping energy affordable and secure

Building and construction

- What is being done:
 - Building for Climate Change programme
 - Government leading the way
 - Construction Sector Accord
 - Reducing demand for fossil fuels in buildings
- Potential policies and measures:
 - Behavioural and cultural change
 - Financial and other incentives to encourage lower emissions buildings
 - Removing barriers
 - Improving energy efficiency
 - Encouraging innovation and scaling
 - Contestable innovation fund and other potential ways to increase innovation, technology and scaling
 - Circular economy package
 - Workforce transformation coordination and support
 - Making an equitable transition
 - Reducing fossil fuels in buildings

Agriculture

- What is being done:
 - Government and primary sector roadmap
 - He Waka Eke Noa Primary Sector Climate Action Partnership
 - More funding for research
 - Funding for integrated farm planning
 - Regulatory oversight for methane inhibitors
- Potential and proposed measures:
 - Pathways to reduce agriculture emissions
 - Accelerating innovation and technology
 - On-farm practice changes through targeted extension services
 - Making and equitable transition

Waste

- What is being done:
 - NZ ETS

- National Environmental Standards for Air Quality 2004
- Changes to the waste disposal levy
- Revising the New Zealand Waste Strategy
- Developing a national infrastructure plan for waste
- Product stewardship for six product groups that were declared a priority in July 2020
- Potential and proposed measures:
 - Reducing organic waste material:
 - Reducing food waste
 - Reducing waste from construction and demolition
 - Identifying options for treated wood (reduction, diversion and disposal)
 - Other reduction opportunities to reduce organic waste

- Reducing organic waste disposal to landfill:
 - Food waste and green waste collection
 - Businesses to separate food and green waste
 - Better paper and cardboard recycling
 - Transfer stations to prioritise recovery alongside new and expanded materials recovery facilities
- Reducing emissions from organic waste in landfills:
 - Gas capture at landfills
- Fast-tracking a waste data and licensing system
- Making and equitable transition

F-gases

- What is being done:
 - Kigali Amendment to the Montreal Protocol
 - Synthetic Greenhouse Gas Levy
 - Product stewardship
- Potential measures:
 - Planning for combined emissions reductions from heating and cooling
 - Extending the phase down of HFCs
 - Regulating high-global warming refrigerants where alternatives are available

Forestry

- What is being done:
 - Grants and incentives
 - NZ ETS
 - Working with Māori on forestry opportunities
 - Forestry and Wood Processing Industry Transformation Plan (ITP)
 - A new planning and advisory service
- Potential policies:
 - Decisions on sequestration will shape our path to net zero
 - Establishing a long-term carbon sink
 - Native forests
 - Exotic forests
 - Enabling and managing afforestation to achieve wider benefits and avoid adverse effects
 - Managing existing forests

- Making and equitable transition

Te hau mārohi ki anamata

Transitioning to a low-emissions and climate-resilient future

<https://environment.govt.nz/publications/emissions-reduction-plan-discussion-document/>

<https://consult.environment.govt.nz/climate/emissions-reduction-plan/consultation/>

Consultation 13 October 2021 – 24 November 2021

Your details

1. What is your name

Melanie Barthe – Carterton, Masterton and South Wairarapa District Councils

2. What is your email address?

You will receive an acknowledgment email when you submit your response

melanie@cdc.govt.nz

3. Which region are you in?

Select your region

Wellington

4. Are you submitting as an individual or on behalf of an organisation?

☐ Individual

☒ Organisation

5. If on behalf of an organisation, what type is it?

☐ Iwi / Hapū

☐ Central Government

☒ Local Government

☐ Business

☐ Industry body

☐ NGO

☐ Registered charity

☐ Other

Consent to release your submission

All or part of any written submission the Ministry for the Environment received electronically or in printed form, including your name, may be published on this website. Unless you indicate otherwise, the Ministry will consider that you have consented to website posting of both your submission and your name.

Submissions may also be released to the public under the Official Information Act 1982 following requests to the Ministry for the Environment. Please advise if you object to the release of any information contained in your submission and, in particular, which part(s) you consider should be withheld, together with the reason(s) for withholding the information.

The Privacy Act 2020 applies certain principles about the collection, use and disclosure of information about individuals by various agencies, including the Ministry for the Environment. It governs access by individuals to information about themselves held by agencies. Any personal information you supply to the Ministry in the course of making a submission will be used by agencies working on the emissions reduction plan (the Ministry for the Environment; Ministry of Foreign Affairs and Trade; Ministry of Business, Innovation, and Employment; Ministry of Transport; Ministry of Primary Industries; Ministry of Housing and Urban Development; Ministry of Social Development; Department of Prime Minister and Cabinet; Te Puni Kōkiri; Treasury; Te Arawhiti; Te Waihanga; Public Service Commission; Waka Kotahi; Energy Efficiency & Conservation Authority) only in relation to developing the emissions reduction plan, including assessing policies within the plan. Please clearly indicate in your submission if you do not wish your name to be included in any summary of submissions that the Ministry for the Environment may publish.

1. Do you consent to your submission being published on this website?

☒ Yes

☐ Yes, but I don't want my name to be published with my submission

☐ No

2. If yes to the above, clearly state if there are parts of your submission that you do not want published

All of the submission can be published

Providing additional information

If you wish to provide additional information or supporting documentation, please add it here.

Any other feedback on the proposals

Add your comments, ideas, and feedback here.

Lack of details of the consultation document:

The three Wairarapa District Councils were disappointed to see that the document 'Te hau Mārohi ki anamata – Transitioning to a low-emissions and climate-resilient future' is very high level and does not reflect a high level of investment from the Government.

We were expecting to see an action plan following the Climate Change Commission document 'Ināia tonu nei: a low emissions future for Aotearoa' when in fact the consultation document is only here to present options without clear explanations on how to pursue those options. We have many uncertainties, especially the level of financial support the Government will provide to Local Government, businesses, communities, etc.

We also would like to know how those options will be funded.

Most of the questions asked in this document were already answered by the Climate Change Commission consultation (March 2021).

It is disappointing to see that we have now reached a tipping point where action is needed immediately to avoid catastrophic impacts on our environment and our lives, and the New Zealand Government does not seem to realise the urgency of the issue. This is reflected in where we are at with these most recent consultations on climate change documents.

The three Wairarapa District Councils want to see an emissions reduction plan with a clear pathway on how the actions will be pursued. We hope that the Government will be true to its international and national commitments and will reflect its ambition in this emissions reduction plan.

Central Government / Local Government partnership:

The three Wairarapa District Councils have concerns regarding the involvement of Local Government and communities.

We would like to emphasise the important role of Local Government and communities in the transition towards a low-carbon economy. Not considering these roles ignores some of the major 'cogs' in the wheels that can take action and lead the transition towards a low-carbon economy.

We recommend the Government strongly support Local Government with regard to climate change action. Support can take many shapes (legislative and regulatory support, financial support (to support resourcing that will give effect to the implementation of our national carbon emissions reduction plan, and community driven initiatives), clear direction and frameworks, etc).

Upload supporting documentation

To make sure your response can be read, please upload in a .pdf format.

Navigating this consultation

Meeting the net-zero challenge

This section outlines the key components of our strategy to transition Aotearoa New Zealand to a low-emissions and climate-resilient future. It sets out the pathway to meeting our emissions budgets, how we will work with our Te Tiriti o Waitangi (Treaty of Waitangi) partners and ensure the transition is equitable.

The emissions reduction plan will cover every sector of the economy and society, and will drive the longer term transition.

The first plan will set out the policies and strategies for meeting the first budget for 2022–25 (Section 5ZG of the Climate Change Response Act 2002). It will also set the measures to meet the second and third budgets, including the urgent policies that must be in place before 2025 (Section 5ZG of the Climate Change Response Act 2002).

We seek your feedback on:

- principles guiding the transition
- how the Crown can work better with Māori in responding to climate change
- how to develop an equitable transition strategy.

Aligning systems and tools

Moving to a low-emissions future means transforming all sectors of the economy. All our systems must point towards low emissions.

- Government accountability and coordination is essential for a well-resourced work programme that makes these system-wide changes.
- Funding and financing are a catalyst for significant cuts in emissions.
- Emissions pricing plays an important role in changing investor and consumer behaviour.
- The planning system controls how we use land, and the emissions that flow from those land uses – both urban and rural.
- Research, science and innovation generate knowledge, and new approaches and practices.
- Behaviour change by organisations, businesses and individuals is critical to achieving net zero.
- Move to a circular and bioeconomy to create economic value while restoring the natural systems.

We seek your comments on proposed measures to reduce emissions and align our systems with the transition. We would like to know if you think these are the right types of policies, if they go far enough, and what you think should be changed.

There are consultation questions throughout this section under each of the above headings.

Transitioning key sectors

The emissions reduction plan will include tailored measures to help industries maximise opportunities and transition. This section outlines the work underway and other possible measures for the following sectors:

- Transport – changing the way we travel, improving our passenger vehicles and promoting a more efficient freight system.
- Energy and industry – preparing our highly renewable electricity sector to power the low-emissions economy, moving away from fossil fuels, and speeding up industrial decarbonisation through fuel switching and energy efficiency.
- Agriculture – continuing to develop and adopt the technology and practices that keep this sector on track to meet the biogenic methane targets, and reduce long-lived emissions.
- Waste and HFCs – supporting the waste hierarchy, prioritising the reduction and diversion of waste from landfill (particularly organic), and reducing hydrofluorocarbons (HFCs) with high-global warming potential.
- Building and construction – reducing building-related emissions, and realising health or other co-benefits where possible.
- Forestry – establishing forest sinks that remove carbon from the atmosphere and promote biodiversity and wider environmental outcomes where possible.

We invite your feedback on:

- The new policies we are considering, or may consider, to meet emissions reduction targets. We would like to know if you think these are the right types of policies, if they go far enough, how any negative impacts of policies are best managed and what you think should be changed.
- Any other potential policies that we have not considered.

Transition pathway (p.19)

1. Do you agree that the emissions reduction plan should be guided by a set of principles?

The five principles:

- *A fair, equitable and inclusive transition*
- *An evidence-based approach*
- *Environmental and social benefits beyond emissions reductions*
- *Upholding Te Tiriti o Waitangi*
- *A clear, ambitious and affordable path*

☒ Yes

☐ No

If so, are the five principles set out above, the correct ones? Please explain why or why not.

The three Wairarapa District Councils commend the Government for recognising in its guiding principles that the transition, no matter how fast or far, will impact different parts of society, regions and sectors, and that the impacts will not always be distributed equally. It is important that the Government ensures that the policies and direction not only reduce the inequalities but also recognise that not everyone will be able to do as much as they would want to because of their circumstances.

We add that the fifth principle should emphasise flexibility ('A clear, ambitious, affordable and adaptable path'. Indeed, being adaptable is very important for several reasons:

To be able to adapt the path based on the latest data available (e.g. climate change projection, emissions pathways, etc)

To be able to adapt the path depending on its results (e.g. unexpected impacts, lack of efficiency, etc)

2. How can we enable further private sector action to reduce emissions and help achieve a productive, sustainable and inclusive economy? In particular, what key barriers could we remove to support decarbonisation?

We think that the key barrier for private sector action is the cost involved in decarbonisation. Several actions can be done to remove this barrier:

Make climate related risk assessments mandatory for most of the businesses so they can understand what climate change means for them (especially financially). We think that by understanding the price of inaction, private sector may act further and faster to reduce emissions in order to reduce the cost involved. To help private sector, a climate related risk assessment guidance could be released in order to reduce the costs involved in such an assessment.

To do so, businesses will need support. Also, we encourage the Government so set up a threshold in order to avoid unnecessary pressure on small businesses.

Reduce costs of low carbon goods and/or increase costs of high carbon goods (done through the NZ ETS)

3. In addition to the actions already committed to and the proposed actions in this document, what further measures could be used to help close the gap?

We would like to see more information regarding carbon emissions over the full life cycle of a product. We could also imagine having a tax on all goods that will help manage (recycling, re-use, etc) the good after use.

4. How can the emissions reduction plan promote nature-based solutions that are good for both climate and biodiversity?

We would like the government to see the climate and the biodiversity as one and single issue. Indeed, we cannot expect to solve our climate problem if biodiversity loss keeps rising. In this case, it is very important to shift our occidental view and adopt tikanga Māori based approach: we are part of the nature, and part of the biodiversity. By destroying habitats and species, we are destroying our home and our backyard.

Promoting nature-based solutions has many positive outcomes when the solutions are well designed. Nature must be well known and understood in order to design a good nature-based solution and restore natural ecosystems.

5. Are there any other views you wish to share in relation to the Transition Pathway?

See additional information.

Helping sectors adapt (p.23)

6. Which actions to reduce emissions can also best improve our ability to adapt to the effects of climate change?

Appropriate land planning:

Land planning is of major importance to mitigate and adapt to climate change. Without a careful planning, we can lock ourselves in a scenario that can lead us to fail our carbon commitments and/or increase the risks linked to climate change (such as flood, droughts, etc). The Government should take the opportunity through the changes to the RMA to provide greater direction in this area.

Nature-based solutions:

The three Wairarapa District Councils recognise the importance of forestry in climate change mitigation. However, we would also like to see the government work on other nature-based solutions such as wetland restoration. Wetlands are one of the most important ecosystems to mitigate and adapt to climate change. Indeed, wetlands absorb a lot of carbon, for long periods of time (if the ecosystem stays undisturbed) and they create a great buffer between the sea and/or rivers and human infrastructure. They can help mitigate flood risks (due to sea level rise or inland flood). They also serve other purposes such as increased water quality, increased biodiversity, increased cultural activities, etc New Zealand lost most of its wetlands and as many opportunities to restore them. Therefore, they are a valid option in the climate change mitigation and adaptation.

7. Which actions to reduce emissions could increase future risks and impacts of climate change, and therefore need to be avoided?

All actions that are not carefully planned

To avoid future risks, all actions taken today should be carefully planned. A holistic approach is also necessary with the following consideration (non-exhaustive list):

- The four well-beings
- Different time frame
- Climate change mitigation
- Climate change adaptation
- Etc.

Rely too much on future technologies to reduce emissions

Rely too much on the community if it is not well enough resourced and supported by the Government. The Government should avoid overwhelming the community to reduce the risk of inaction.

Forestry without meaningful actions to reduce gross emissions in all sectors of the economy

International offsets

Working with our Tiriti partners (p.25)

8. The Climate Change Commission has recommended that the Government and iwi/Māori partner on a series of national plans and strategies to decarbonise our economy. Which, if any, of the strategies listed are a particular priority for your whānau, hapū or iwi and why is this?

Strategies:

- *a National Energy Strategy*
- *a Circular Economy Strategy*
- *a Bioeconomy Strategy*
- *a National Low-emission Freight Strategy*
- *industry plans and policies to decarbonise the industrial sector*
- *a Building Transformation Plan*

Whānau, hapū, and iwi are best placed to answer this question.

9. What actions should a Māori-led transition strategy prioritise?

Whānau, hapū, and iwi are best placed to answer this question.

The three Wairarapa District Councils strongly recommend that whānau, hapū and iwi views are imbedded in all climate change actions.

We know that Māori and cultural heritage sites are disproportionately impacted by climate change. Therefore, the Government need to ensure that they are one of the main actors of change.

What impact do you think these actions will have for Māori generally or for our emission reduction targets? What impact will these actions have for you?

This action will have a positive outcome on Māori communities.

However, in the past many government policies have strongly called for action to ensure genuine and enduring partnership with iwi/Māori at all levels of government but somehow, all too often, we all fall short of that commitment.

10. What would help your whānau, community, Māori collective or business to participate in the development of the strategy?

Whānau, hapū, and iwi are best placed to answer this question.

The three Wairarapa District Councils support initiatives to empower and adequately resource iwi / hapori Māori to participate in the development of the strategy.

11. What information would your Māori collective, community or business like to capture in an emissions profile?

Whānau, hapū, and iwi are best placed to answer this question.

Could this information support emissions reductions at a whānau level?

Whānau, hapū, and iwi are best placed to answer this question.

12. Reflecting on the Climate Change Commission's recommendation for a mechanism that would build strong Te Tiriti partnerships, what existing models of partnership are you aware of that have resulted in good outcomes for Māori? Why were they effective?

The three Wairarapa District Councils support a genuine, active and enduring partnership with Tiriti Partners.

However, in the past many government policies have strongly called for action to ensure genuine and enduring partnership with iwi/Māori at all levels of government but somehow, all too often, we all fall short of that commitment.

Making an equitable transition (p.26)

Equitable Transitions Strategy

The Climate Change Commission recommends developing an Equitable Transitions Strategy that addresses the following objectives: partnership with iwi/Māori, proactive transition planning, strengthening the responsiveness of the education system, supporting workers in transition, and minimising unequal impacts in all new policies.

13. Do you agree with the objectives for an Equitable Transitions Strategy as set out by the Climate Change Commission?

☒ Yes

☐ No

What additional objectives should be included?

Supporting all disadvantaged communities (disabled, older people, etc).

Disadvantaged communities are already mentioned but we think they should appear in the objectives in order to give them the importance they need.

14. What additional measures are needed to give effect to the objectives noted by the Climate Change Commission, and any other objectives that you think should be included in an Equitable Transitions Strategy?

The three Wairarapa District Councils agree with the measures proposed.

Equitable Transitions Strategy

The Commission suggests that the Equitable Transitions Strategy should be co-designed alongside iwi/Māori, local government, regional economic development agencies, businesses, workers, unions, the disability community and community groups.

15. What models and approaches should be used in developing an Equitable Transitions Strategy to ensure that it incorporates and effectively responds to the perspectives and priorities of different groups?

See question 12. Regarding the relationship with Tiriti partners.

Other actions

16. How can Government further support households (particularly low-income households) to reduce their emissions footprint?

Work on the housing crisis:

Housing is a real issue for New Zealanders. This is particularly true for low-income and mid income households:

- Affordability (rent price and property price)
- Availability (not enough houses)
- Quality (damp, cold houses)

The buildings' quality has a huge impact on New Zealanders' health and on climate change. Indeed, they release a lot of greenhouse gas (to heat the house, the water, etc). Therefore, we think that:

- New Zealand needs to build many more quality houses and flats
- Introduce and make mandatory scores for each house before it goes to market or before it is rented (greenhouse gas score and energy efficiency score)
- Increase funding available for owners to renovate their home
- Fund renewable energy technologies (solar, wind, etc) and heat pump for homeowners (it would also help people to move away from coal/wood burners which can be a problem for air quality as well)
- Increase building quality and reduce embodied carbon through the Building and Climate Change Programme.

Spatial planning:

Appropriate spatial planning is also a good way to further support households to reduce their emissions footprint. As an example, urban densification, TOD (Transit Orientated Development) and others help reducing households' carbon footprint (less need for transport, smaller houses with smaller energy needs, etc). The Government should take the opportunity through the changes to the RMA to provide greater direction in this area.

17. How can Government further support workers at threat of displacement to develop new skills and find good jobs with minimal disruption?

We think that the Government can:

Support and encourage diversity of skills through the education curriculum

Enable adaptive/ flexible ways of working

Provide early direction where skills will be needed in the workforce

Recognise on the job learning and training to support transition

Incentivise people to move to another industry before they lose their jobs (free training, subsidy to move to another town/region, etc)

18. What additional resources, tools and information are needed to support community transition planning?

Central Government and Local Government alignment:

Local Government is the perfect partner to support the transition of the community. Local Government knows its community and has a close relationship with it due to proximity. Therefore, Local Government an appropriate and logical link between Central Government and our communities.

Supporting Local Government is one of the key actions to community transition planning.

Alignment of all relevant legislation, regulations and policy is key to enable the envisioned transition to low carbon economy. Any misalignment will present a barrier and add to confusion stifling, in particular, Local Government to efficiently implement policies.

Over the past few years Central and Local Government have been working more closely on several topics. We would like to highlight the need for Local Government capacity to be taken into consideration, particularly at this time of increased complexity, heightened uncertainty and change within our Local Government context. Any partnerships need to take a systems approach and engage in a more holistic collaboration, instead of partnering up on multiple topics putting pressure on already strained resources.

That said, climate change provides an opportunity to look at the whole system in which our society operates given climate change occurs in the context of an interconnected world. The Government's review of Local Government is an opportunity to build Local Government's jurisdiction and capability in this area.

All-inclusive public forum:

The three Wairarapa District Councils would like to see the views of all New Zealanders incorporated and support an all-inclusive public forum with appropriate resourcing and funding. The resourcing of participatory processes, including the money associated with it, should not be underestimated. Enabling all New Zealanders to participate and be heard, to be part of co-design, requires significant help and support. For example - information, education, language, skills, and the removal of barriers to participation. Mutual trust and understanding must be built.

The funding of these processes must be on top of the funding for the chosen implementation initiatives and incentives that will be needed within the system to change behaviour and achieve the emissions budgets. The funding for a nationwide public forum should be provided by Central Government (i.e. not rates) to ensure it is sustainable over the 30-year period (and beyond).

We encourage the Government to explore and promote digital platforms that will enable easier access and reach a more diverse range of participants. These cannot be the sole channels for a public forum or participation more generally. Face to face will still be needed.

The benefits of involving people early and actively (for example so that they understand what they need to do and are assisted to develop a sense of personal responsibility) will be undermined if others are not acting and vice versa. We would like to stress that the significant resources need to be deployed for education and information sharing for the general public on how we as individuals can play our part in the transition to low carbon.

19. How could the uptake of low-emissions business models and production methods be best encouraged?

The Sustainable Business Network Climate Action Toolbox is a great tool that is very helpful for small businesses.

For most businesses (size to be defined), we recommend the Government to make mandatory the release of Climate Change strategy with a greenhouse gas inventory, targets and action plan.

Finally, the TCFD mandate could be extended and adapted to more businesses (different type of businesses, smaller businesses, etc).

To be effective and make an equitable transition, the businesses will require support. Therefore, we recommend the Government to increase resources available to help businesses in their transition towards a low carbon economy.

20. Is there anything else you wish to share in relation to making an equitable transition?

-

Government accountability and coordination (p.32)

21. In addition to the Climate Change Commission monitoring and reporting on progress, what other measures are needed to ensure government is held accountable?

The Climate Change Commission monitoring and reporting seems to be a good way to hold the Government accountable. However, this monitoring and reporting must be done on a regular basis to ensure measures are being taken if the government is not on track. Also, this monitoring and reporting must be transparent and public.

Also, each government agency should have adequate climate change funding and KPIs as there will always be a need to incentivise the transition at all of Government level, as well as in particular functions held within individual agency.

22. How can new ways of working together, like mission-oriented innovation, help meet our ambitious goals for a fair and inclusive society and a productive, sustainable and climate-resilient economy?

The three Wairarapa District Councils would like to stress the importance of multi-agency and collaborative governance, as well as collaborative all of Government action. In the last few years Central Government agencies have been much better in working collaboratively. For matters as complex and intertwined as climate change and with its impacts permeating through every aspect of our society, there is an opportunity to seek novel forms of governance.

23. Is there anything else you wish to share in relation to government accountability and coordination?

-

Funding and financing (p.34)

24. What are the main barriers or gaps that affect the flow of private capital into low-emissions investment in Aotearoa?

The mains barriers are:

Costs and lack of investment return:

Low-emissions investments often cost more than other investments. Also, low emissions investments often have a lower investment return.

Knowledge, Availability and Mindset:

Low-emissions investments are often less known than other investments. When they are known, trust in them can be challenged by mindset (resistance to change)

25. What constraints have Māori and Māori collectives experienced in accessing finance for climate change response activities?

We do not represent Māori.

However, in the past we have seen that iwi/Māori have been unable to secure or access financial support due to lack of resources (time, budget, etc).

26. What else should the Government prioritise in directing public and private finance into low-emissions investment and activity?

Funding and financing are well captured. However, the consultation document states goals and gives little explanation on the how these goals will be achieved.

Also, the three Wairarapa District Council are concerned about how these investments will be built.

27. Is there anything else you wish to share in relation to funding and financing?

Social businesses are created and designed to address a social problem. Therefore, very often, they lead the change in a community. The Government should not under-estimate the benefits of social businesses in the transition to a low-carbon economy. We recommend the Government to support social businesses.

Emissions pricing (p.36)

28. Do you have sufficient information on future emissions price paths to inform your investment decisions?

☒ Yes

☐ No

Knowing that emissions price is increasing means that long term investments must be low-emissions investments in order to be sustainable.

29. What emissions price are you factoring into your investment decisions?

No emission prices are currently factoring our decisions.

30. Do you agree the treatment of forestry in the NZ ETS should not result in a delay, or reduction of effort, in reducing gross emissions in other sectors of the economy?

☒ Yes

☐ No

Forestry should not delay or reduce our efforts to reduce emissions. Reducing our gross emissions is highly important if we want to effectively mitigate climate change.

That is the reason why Carterton and South Wairarapa District Councils set up targets on gross emissions rather than on net emissions. Indeed, it is an illusion to rely carbon sequestration to achieve carbon reduction (and carbon reduction targets).

31. What are your views on the options presented above to constrain forestry inside the NZ ETS?

Several options presented to constrain forestry are good, especially the following:

Reducing the rate at which units can be earned by exotic forest

Amending eligibility criteria

The three Wairarapa District Council think that the best way to constrain forester inside the NZ ETS would be to combine all the options presented, as well as increasing the rate at which units can be earned by native forest.

Free industrial allocation should be reviewed in order to reduce emissions leakage. Here again, we would have appreciated to have more information on this review to be able to comment further on it.

What does the Government need to consider when assessing options?

Government should have a holistic approach when assessing those options. Also, considering rural communities (economy mainly based on forestry and farming industries) is of primary importance.

What unintended consequences do we need to consider to ensure we do not unnecessarily restrict forest planting?

Increasing the rate at which units can be earned by native forest and amending eligibility criteria to increase native afforestation should reduce exotic forest planting and increase native planting.

In our view, exotic forest planting is not a sustainable option unless the wood is used as a local construction material (carbon stored in the building). Indeed, if the wood is processed (biofuel, etc) or sent overseas, the carbon stored during the lifetime of the tree should be counted as released back in the atmosphere. Therefore, it becomes a neutral operation.

32. Are there any other views you wish to share in relation to emissions pricing?

-

Planning (p.40)

33. In addition to resource management reform, what changes should we prioritise to ensure our planning system enables emissions reductions across sectors?

This could include partnerships, emissions impact quantification for planning decisions, improving data and evidence, expectations for crown entities, enabling local government to make decisions to reduce emissions.

-

34. What more do we need to do to promote urban intensification, support low-emissions land uses and concentrate intensification around public transport and walkable neighbourhoods?

-

35. Are there any other views you wish to share in relation to planning?

Here are a few thoughts regarding planning:

Limit rural-residential/lifestyle development which is disconnected from jobs and transport.

Prioritise Transport Orientated Developments (re-design towns and cities to be TOD).

Resource Management reform needs to be specific and not dip into elements of building construction. Building Construction should remain within the Building Act but improvements are required to the Building act to address sustainable buildings and building materials.

Research, science and innovation (p.42)

36. What are the big challenges, particularly around technology, that a mission-based approach could help solve?

We do not have the skills and expertise to answer this question.

37. How can the research, science and innovation system better support sectors such as energy, waste or hard-to-abate industries?

We do not have the skills and expertise to answer this question.

38. What opportunities are there in areas where Aotearoa has a unique global advantage in low-emissions abatement?

Due to its high farming industry, New Zealand can be a leader in low-emissions farming.

39. How can Aotearoa grow frontier firms to have an impact on the global green economy?

We do not have the skills and expertise to answer this question.

Are there additional requirements needed to ensure the growth of Māori frontier firms?

We do not have the skills and expertise to answer this question.

How can we best support and learn from mātauranga Māori in the science and innovation systems, to lower emissions?

We do not have the skills and expertise to answer this question.

40. What are the opportunities for innovation that could generate the greatest reduction in emissions? What emissions reduction could we expect from these innovations, and how could we quantify it?

We can expect reduction in emissions from future innovations. However, we recommend not to account on those reductions for several reasons:

We do not know if they will happen,

If they happen, we do not know when,

If they happen, we do not know how to quantify emissions reductions.

Therefore, the Government should only rely on innovations that are already available and known. Obviously, the budgets and action plan will need to be updated to reflect new innovations.

41. Are there any other views you wish to share in relation to research, science and innovation?

-

Behaviour change – empowering others to act (p.46)

42. What information, tools or forums would encourage you to take greater action on climate change?

It has been proven that rangatahi/youth and students are very important in supporting behaviour change in our communities. To inform themselves they rely the information from kura/school, social media and their whānau/families. Therefore, we think that the Government should support kura, schools, colleges, and universities to increase climate change awareness (and more broadly environment).

Information needs to be in accessible formats across all platforms to support the participation of our disabled and elderly communities.

43. What messages and/or sources of information would you trust to inform you on the need and benefits of reducing your individual and/or your businesses emissions?

See above question.

Messages from trusted sources are important, and our communities need to know who they are. Trusted sources are (non-exhaustive list): governmental agencies, Local Government, scientific agencies (NIWA, etc), international agencies (IPCC, etc).

One of the keys is how to relay information. Information channels (newspaper, TV, etc) and social media (YouTube, Facebook, Instagram, Twitter, TikTok) are the main way to do so in our view. These platforms touch most people in our community.

Consideration also needs to be given to those who are not able to access digital content, we note that rural connection to the internet can be poor. Information needs to be accessible in community hubs, such as libraries and other spaces.

44. Are there other views you wish to share in relation to behaviour change?

Change is already happening in our society. Government does not need to start this change but needs to increase the pace of this change. It could be done with regulatory tools such as:

Soft plastic and single use plastic ban (done)

Ban over packaging

Make mandatory exact location of fruits, vegetables, fish, meat and eggs (country and region if NZ products)

Make mandatory the display of carbon emissions on goods so people can make an informed decision

Etc

We also recommend the Government to empower the communities by supporting their initiatives.

Moving Aotearoa to a circular economy (p.48)

45. Recognising our strengths, challenges, and opportunities, what do you think our circular economy could look like in 2030, 2040, and 2050, and what do we need to do to get there?

Our circular economy strategy should be well underway in 2030 and achieved in 2050 in order to achieve our greenhouse gas emissions targets.

The latest IPCC report stated that action cannot wait. Therefore, we must act quickly to have a chance to reduce our emissions and avoid dramatic impacts linked to climate change.

46. How would you define the bioeconomy and what should be in scope of a bioeconomy agenda?

The three Wairarapa District Councils agree with the definition given by the Climate Change Commission.

What opportunities do you see in the bioeconomy for Aotearoa?

Reduce our dependency to fossil fuels:

Moving to a bioeconomy is a way to reduce our dependency to fossil fuels (petrol, gas, coal). However, the government should be aware of the challenges linked to biofuels:

- biofuels should not compete against human food (and animal food?)
- Exotic forests used for biofuels (or partly used) should not be accounted (or only partly) in the NZ ETS (see question 31.).

Exotic forests locally used for building material are not seen as being an issue because carbon is store in the materials for a long period of time (50 years or more).

Reduce waste from forestry industry and wood processing industry:

Harvest is currently inefficient. Indeed, losses of fibres are important and should be reduced to a minimum. These losses are usually made of poor-quality wood so cannot be used as building materials. However, they can be transformed in biofuels such as wood pellets. Therefore, we would like to see an increased efficiency in harvesting (and processing).

47. What should a circular economy strategy for Aotearoa include?

A bioeconomy can be done without a circular economy. It seems to us that a bioeconomy is only a way to reduce the use of fossil fuels rather than adopting a circular economy. Therefore, bioeconomy should be part of the energy strategy.

That being said, we acknowledge that all those strategies must be consistent together in order to have a holistic view of our society. Indeed, those strategies should not be seen as separate silos.

Do you agree the bioeconomy should be included within a circular economy strategy?

☐ Yes

☒ No

48. What are your views of the potential proposals we have outlined? What work could we progress or start immediately on a circular economy and/or bioeconomy before drawing up a comprehensive strategy?

The strategy should be the first work in order to have a holistic view of the issues and solutions. Without a strategy, the Government could lock itself in meaningless and ineffective actions.

49. What do you see as the main barriers to taking a circular approach, or expanding the bioeconomy in Aotearoa?

The main barriers are:

Lack of information, which does not help the consumer in its choices

People's mindset and resistance to change. As mentioned in the consultation document, people are set in a convenient linear economy

Industrials' mindset and resistance to change

Costs and lack of investment return: Low-emissions investments often cost more than other investments. Also, low emissions investments often have a lower investment return.

Cost for consumer: Low emissions goods and services can be costly. Therefore, consumer will often choose the low-cost and high carbon options.

50. The Climate Change Commission notes the need for cross-sector regulations and investments that would help us move to a more circular economy. Which regulations and investments should we prioritise (and why)?

We tend to think that the change occurs 'bottom-up'. Therefore, we recommend the Government to invest in education and increased transparency.

With more information and more understanding, we believe that consumers can make an informed decision and make the right choice to enter in a circular economy. The cascade effect is that if consumers buy low-emissions goods that are part of a circular economy, industrials will follow the trend and adapt to consumers choices.

51. Are there any other views you wish to share in relation to a circular economy and/or bioeconomy?

-

Transport (p.54)

We are proposing four new transport targets in the emissions reduction plan, and are seeking your feedback.

52. Do you support the target to reduce VKT by cars and light vehicles by 20 per cent by 2035 through providing better travel options, particularly in our largest cities, and associated actions?

☒ Yes

☐ No

In the Wairarapa, our transport emissions increased by 41% since 2000 and are the second biggest source after agriculture.

We agree with the target and associated actions in principle. However, the three Wairarapa District Councils do not have in house expertise to provide technical advice on finer details.

We are concerned that low emissions public and shared transport and walking and cycling infrastructure will be implemented in metropolitan areas in a first place. Rural and provincial areas like our district that are sparsely populated, with longer distances to travel between townships and urban areas, with a large network of unsealed roads, very limited public transport, and often with a low-income and small ratepayer base will find the transition to low carbon transport difficult. We would like the Government to specifically address our low-income and provincial/rural communities to ensure that those more vulnerable are not penalised and/or ostracised.

53. Do you support the target to make 30 per cent of the light vehicle fleet zero-emissions vehicles by 2035, and the associated actions?

☒ Yes

☐ No

We agree with the target and associated actions in principle. However, the three Wairarapa District Councils do not have in house expertise to provide technical advice on finer details.

In rural areas, it is of major importance to increase the EV charging network in order to reduce the 'black spots'. Roll out of adequate infrastructure will present a financial burden even with Central Government support. The three Wairarapa District Councils are concerned that the required infrastructure (such as electric chargers, servicing of EVs etc) may be slower to roll out since the more populated and metropolitan areas will take priority and consume the resources and expertise to meet the timelines, and are economically more justifiable.

Uptake of light EVs will depend on the cost of EVs and infrastructure. The cost of EVs and availability of electric off road and high-performance vehicles is likely to add to somewhat difficult transformation for rural and provincial areas. The government would need to develop a strategy that covers how the transport transformation will play out for both urban and rural/provincial areas, and what is expected of Local Government.

The complexity of climate change is all encompassing and the three Wairarapa District Councils are concerned that the Government (central and local) will struggle with resourcing, alongside already significant RMA and 3 water reforms, just to name a few.

54. Do you support the target to reduce emissions from freight transport by 25 per cent by 2035, and the associated actions?

☒ Yes

☐ No

We agree with the target and associated actions in principle. However, the three Wairarapa District Councils do not have in house expertise to provide technical advice on finer details.

We commend the Government on the implementation of the New Zealand Rail Plan. The transport emissions increased by 41% in the Wairarapa since 2000. Part of this increase is due to increased traffic of log trucks. We would like to see the rail network more efficiently used in order to reduce trucks and increased rail transportation (for logs and other goods).

55. Do you support the target to reduce the emissions intensity of transport fuel by 15 per cent by 2035, and the associated actions?

☒ Yes

☐ No

See question 54.

56. The Climate Change Commission has recommended setting a time limit on light vehicles with internal combustion engines entering, being manufactured, or assembled in Aotearoa as early as 2030. Do you support this change?

☒ Yes

☐ No

If so, when and how do you think it should take effect?

The latest IPCC report stated that action cannot wait. Therefore, we must act quickly to have a chance to reduce our emissions and avoid dramatic impacts linked to climate change.

Therefore, the three Wairarapa District Councils support the Climate Change Commission recommendation.

57. Are there any other views you wish to share in relation to transport?

Here again, the three Wairarapa District Councils recommend the government to have a holistic and inclusive view of the transitioning key sectors.

For example, we cannot increase EV fleet (transport) without updating the charging infrastructure (energy and industry).

Energy and industry (p.81)

Energy strategy

58. In your view, what are the key priorities, challenges and opportunities that an energy strategy must address to enable a successful and equitable transition of the energy system?

We support the development of an energy strategy to provide clear direction for Aotearoa to transition to low carbon living, including ensuring the security and capacity of our national electrical grid and infrastructure.

We have some concern whether there is enough capacity (both central and Local Government, and sectors) to deliver on such a scale and at a pace required for the transformation to occur. It is critical for the Government to ensure reliability and security of electricity supply as we transition into 100% renewable electricity.

The three Wairarapa District Councils support banning coal in general. Burning coal has significant impact on air quality, especially in winter. Currently, councils can ban use of coal through a bylaw however it is more efficient to apply national standard/direction. The proposed Air Quality National Environmental Standard does not go far enough to ban coal.

Consecutive governments have failed to deal with the housing crisis in Aotearoa. The quality of our housing stock is substandard, and energy efficiency even of governmental buildings and property have a way to go. Many funding schemes such as EECA's Warmer Kiwi Homes have been great but nowhere near enough to meet the needs.

The local building sector is concerned that requiring higher efficiency standards (e.g. Green 5 Star rating) will add more cost to already very costly housing stock. There is also opportunity to look into the construction sector and renewable and natural building materials (production forestry could play significant role in a high value timber products). Significant advances, not just for reducing carbon emissions, can be gained by 'greening' the building materials supply chain and addressing construction waste.

We need a concerted effort to accelerate the production and transport of hydrogen for energy requirements in NZ. Incentives and lessons from overseas can be adopted and potentially enable NZ to leapfrog internal substitute technologies. This needs to be looked at in the context of our needs for water resilience too.

To ensure the success of the energy strategy, Government must have an holistic approach of the energy and industry sector. Long term impacts must be identified to reduce the risks and enable a successful and equitable transition of the energy system.

59. What areas require clear signalling to set a pathway for transition?

Decarbonise the energy production

Decarbonise the industry

Prepare for the future and adapt the electricity network to increased demand

Mandate a certain level of energy production on each new building / dwelling

Obviously these four areas will need much investigation to ensure an equitable and fair transition. This must be done holistically and inclusively.

Setting targets for the energy system

60. What level of ambition would you like to see Government adopt, as we consider the Climate Change Commission's proposal for a renewable energy target?

We do not have the skills and expertise to answer this question.

However, we would like to encourage the Government to be ambitious in order to achieve our international and national commitments regarding our emissions.

Phasing out fossil gas while maintaining consumer wellbeing and security of supply

61. What are your views on the outcomes, scope, measures to manage distributional impacts, timeframes and approach that should be considered to develop a plan for managing the phase out of fossil gas?

Act quickly:

The latest IPCC report stated that action cannot wait. Therefore, we must act quickly to have a chance to reduce our emissions and avoid dramatic impacts linked to climate change.

Act equitably:

It is important to make sure that the transition is a smooth transition that does not have a disproportional impact on the population (businesses, communities, etc).

Consult the population:

In order to ease the resistance from the population to this change, effective communication and consultation is required.

However, we do not have the skills and expertise to answer this question more precisely.

Decarbonising the industry sector

62. How can work underway to decarbonise the industrial sector be brought together, and how would this make it easier to meet emissions budgets and ensure an equitable transition?

We do not have the skills and expertise to answer this question.

63. Are there any issues, challenges and opportunities for decarbonising the industrial sector that the Government should consider, that are not covered by existing work or the Climate Change Commission's recommendations?

We do not have the skills and expertise to answer this question.

Addressing current data gaps on New Zealand's energy use and associated emissions through an Energy and Emissions Reporting scheme

64. In your view, should the definition of a large energy user for the purposes of the proposed Energy and Emissions Reporting scheme include commercial and transport companies that meet a specified threshold?

☒ Yes

☐ No

Except small businesses (threshold to be defined), businesses should have a climate change strategy that includes a yearly greenhouse gas inventory and an action plan. These documents should be publicly available (see question 19.). This requirement

65. We have identified a proposed threshold of 1 kt CO₂e for large stationary energy users including commercial entities. In your view, is this proposed threshold reasonable and aligned with the Government's intention to meet emissions budgets and ensure an equitable transition?

☐ Yes

☒ No

In our view, this threshold is too high and should be lowered in order to capture smaller industries as well as larger ones.

66. In your view, what is an appropriate threshold for other large energy users such as transport companies?

We do not have the skills and expertise to answer this question.

67. Are there other issues, challenges or opportunities arising from including commercial and transport companies in the definition of large energy users for the purposes of the proposed Energy and Emissions Reporting scheme that the Government should consider? Supporting evidence on fleet size and characteristics is welcomed.

We do not have the skills and expertise to answer this question.

Supporting development and use of low-emissions fuels

68. What level of support could or should Government provide for development of low-emissions fuels, including bioenergy and hydrogen resources, to support decarbonisation of industrial heat, electricity and transport?

The Government should provide an appropriate level of support that reflects its ambition on the development and use of low-emissions fuels. This level of support must allow a quick decarbonisation of industrial heat, electricity and transport to achieve our international and national commitments regarding our emissions.

69. Are there any other views you wish to share in relation to energy?

Here again, the three Wairarapa District Councils recommend the government to have a holistic and inclusive view of the transitioning key sectors.

Building and construction (p.90)

70. The Climate Change Commission recommended the Government improve the energy efficiency of buildings by introducing mandatory participation in energy performance programmes for existing commercial and public buildings. What are your views on this?

We think that energy performance programmes are a great way to reduce emissions.

The three Wairarapa District Councils are already taking action to realise energy audits on our buildings and improve their performance. Some actions can be easily done and have a quick investment return. Being small councils, other actions may be out of our reach but every single step in the right direction counts.

If those programmes become mandatory, the overall building emissions can be reduced with limited investments.

71. What could the Government do to help the building and construction sector reduce emissions from other sectors, such as energy, industry, transport and waste?

Policies and regulations must reflect the Government's ambition to reduce the emissions. Also, we recommend that the Government supports the different sectors in their transition.

72. The Building for Climate Change programme proposes capping the total emissions from buildings. The caps are anticipated to reduce demand for fossil fuels over time, while allowing flexibility and time for the possibility of low-emissions alternatives. Subsequently, the Climate Change Commission recommended the Government set a date to end the expansion of fossil gas pipeline infrastructure (recommendation 20.8a).

What are your views on setting a date to end new fossil gas connections in all buildings (for example, by 2025) and for eliminating fossil gas in all buildings (for example, by 2050)?

The three Wairarapa District Councils support this recommendation. This will have a positive effect on emissions but also on buildings' health (and therefore human health) which is a real issue in New Zealand (see question 16.)

We support the views on setting a date to end new fossil gas connections in all buildings by 2025 and for eliminating fossil gas in all buildings. However, this should happen before 2050. Indeed, the latest IPCC report stated that action cannot wait. Therefore, we must act quickly to have a chance to reduce our emissions and avoid dramatic impacts linked to climate change.

How could Government best support people, communities and businesses to reduce demand for fossil fuels in buildings?

Low-income families, disadvantages communities and small businesses will need financial help in order to eliminate fossil gas from their building. We recommend that the government increase its funding options to those most in need to help them in their transition.

Also, policies and regulations could be set up to help / mandate the owners of rentals to reduce demand for fossil fuels in their properties.

73. The Government is developing options for reducing fossil fuel use in industry, as outlined in the Energy and industry section. What are your views on the best way to address the use of fossil fuels (for example, coal, fossil gas and LPG) in boilers used for space and water heating in commercial buildings?

We do not have the skills and expertise to answer this question.

74. Do you believe that the Government's policies and proposed actions to reduce building-related emissions will adversely affect any particular people or groups?

☒ Yes

☐ No

If so, what actions or policies could help reduce any adverse impacts?

Potentially, disadvantaged communities may be adversely affected by the Government's policies and proposed actions. To mitigate this risk, the Government should make sure timeframes are well set up. They need to be fast enough to reduce our overall emissions and slow enough for the population to be able to adapt to the change. Also, subsidies and other financial help will greatly help disadvantaged communities.

Another effect could be that businesses reflect the price of their transition in their products and services. This impact can be mitigated with the NZ ETS. Indeed, the increased carbon price will increase the price of high-emissions goods. Therefore, low-emissions goods should be cheaper.

Also, the construction sector will need to adapt to new ways of building. Therefore, the Government should support this transition with appropriate training.

75. How could the Government ensure the needs and aspirations of Māori and iwi are effectively recognised, understood and considered within the Building for Climate Change programme?

This programme needs to be developed in coordination and partnership with Māori and iwi in order to adopt their thinking and holistic approach and consider their issues and what they wish to achieve. This way will ensure a just, equitable and inclusive transition.

76. Do you support the proposed behaviour change activity focusing on two key groups: consumers and industry (including building product producers and building sector tradespeople)?

☒ Yes

☐ No

What should the Government take into account when seeking to raise awareness of low-emissions buildings in these groups?

Education and awareness:

Education and awareness should be considered (see question 42.). We think that the change will occur 'bottom-up'. If customers ask for sustainable smaller houses, then the building industry will adapt to the change. Education and awareness also avoid the 'greenwashing' trap.

Training and mentoring:

Also, it is good to support training in the building industry. Indeed, there are not enough people with the skills required to build sustainable buildings. Finding the skills can be a barrier to customers who want to have a sustainable building.

77. Are there any key areas in the building and construction sector where you think that a contestable fund could help drive low-emissions innovation and encourage, or amplify, emissions reduction opportunities? Examples could include building design, product innovation, building methodologies or other?

We do not have other key areas in mind. However, we do think that low-emissions housing designs are already well known. Therefore, we support innovation in building materials and large building designs. As explained in question 76., we also support training/mentoring.

78. The Ministry of Business, Innovation and Employment (MBIE) is considering a range of initiatives and incentives to reduce construction waste and increase reuse, repurposing and recycling of materials. Are there any options not specified in this document that you believe should be considered?

All the options seem to be considered and should appear in the Circular Economy Strategy.

79. What should the Government take into account in exploring how to encourage low-emissions buildings and retrofits (including reducing embodied emissions), such as through financial and other incentives?

Financial incentives are very important, especially to mitigate the impact on disadvantaged communities (see above questions).

Training, educating and raising awareness are also very important to educate people so they embrace the change and do not resist against it (see above questions).

80. What should the Government take into account in seeking to coordinate and support workforce transformation, to ensure the sector has the right workforce at the right time?

Adapted training seems to be the right way to ensure that the sector has the right workforce at the right time. This means training current and future workforce to ensure the sector has the right workforce at the right time.

81. Our future vision for Aotearoa includes a place where all New Zealanders have a warm, dry, safe and durable home to live in. How can we ensure that all New Zealanders benefit from improved thermal performance standards for our buildings?

The Government should financially help owners to retrofit their properties by following minimum standards. The current standards are not high enough to ensure warm, dry, safe and durable home.

Also, introducing mandatory scores (see question 16.) are a good way to increase people awareness. This kind of score is well used in other countries and very useful to tenants and/or future owners.

82. Are there any other views you wish to share on the role of the building and construction sector in the first emissions reduction plan?

Here again, the three Wairarapa District Councils recommend the government to have a holistic and inclusive view of the transitioning key sectors.

Agriculture (p.97)

83. How could the Government better support and target farm advisory and extension services to support farmers and growers to reduce their emissions?

The existing sector (particularly the regional councils and CRIs) advisory resources will not be enough to deliver on the transformation required. Current new requirements are already putting pressure on the sector's advisory and farm consultancy services (e.g. compulsory farm planning and freshwater regulatory requirements). The Government should also in partnership with agricultural sectors provide support and advice for farmers to build on the existing environmental image and take the advantage of 'low emissions branding' and promotion to enable greater access to the global market.

Using existing groups seems to be the best short-term option. Indeed, those groups are established in the rural communities and have the trust of the farming community. However, those groups are already under high pressure and under-resourced. Therefore, they will need more support to be able to deliver appropriate support to farmers.

We would like to comment He Waka Eke Noa. This programme will also need more support.

How could the Government support the specific needs of Māori-collective land owners?

Māori are lacking time and resources. Therefore, they will need support to be able to provide support and work collaboratively with the Government. A genuine collaboration and engagement will allow the Government to support the specific needs of Māori-collective land owners.

84. What could the Government do to encourage uptake of on-farm mitigation practices, ahead of implementing a pricing mechanism for agricultural emissions?

The Government could encourage the encourage uptake of on-farm mitigation practices by celebrating successes of farmers, raising awareness, and educating the farming and wider community.

It has been shown that the farmers tend to do what is right. However, to do so, they need to know about the different options available. That is why communication is one of the keys for success.

85. What research and development on mitigations should Government and the sector be supporting?

Several research and development on mitigations should be supported:

Increase understanding of carbon sequestration in the soil and in wetlands to promote regenerative farming practices and wetland restoration.

Support the research on low methane emissions livestock (through breeding)

Support the research for nitrous oxide inhibitors

Also, the government should look into how it funds research in Aotearoa. The competitive nature of research funding takes significant time away from the research itself.

86. How could the Government help industry and Māori agribusinesses show their environmental credentials for low-emissions food and fibre products to international customers?

We think that the environmental credentials for low-emissions food and fibre products should be shown to local and international customers.

A certified label could be created. This label must be easily understood by all and have well designed and controlled specifications to avoid greenwashing.

87. How could the Government help reduce barriers to changing land use to lower emissions farming systems and products? What tools and information would be most useful to support decision-making on land use?

In our views, some of the barriers are:

Resistance to change

Fear to financial losses

See question 84. to understand how barriers can be reduced.

88. Are there any other views you wish to share in relation to agriculture?

Here again, the three Wairarapa District Councils recommend the government to have a holistic and inclusive view of the transitioning key sectors.

Waste (p.101)

89. The Climate Change Commission's recommended emissions reduction target for the waste sector significantly increased in its final advice. Do you support the target to reduce waste biogenic methane emissions by 40 per cent by 2035?

☒ Yes

☐ No

We agree with the target and associated actions in principle. However, the three Wairarapa District Councils do not have in house expertise to provide technical advice on finer details.

If we don't support a target towards reduction, it is just going to further increase

90. Do you support more funding for education and behaviour change initiatives to help households, communities and businesses reduce their organic waste (for example, food, cardboard, timber)?

☒ Yes

☐ No

Education is key to behaviour change and not just in schools, communities, and businesses (large and small). They need to be encouraged to reduce waste. To rethink waste towards a circular economy.

91. What other policies would support households, communities and businesses to manage the impacts of higher waste disposal costs?

Waste management site plans need to be supported and implemented in the building industry. They need to contribute by encouraging the building industry to reduce building materials to be reused or recycled instead of landfill disposal which is adding to methane emissions, especially currently in this building and demolition boom. Product Stewardship needs to be implemented more.

92. Would you support a proposal to ban the disposal of food, green and paper waste at landfills for all households and businesses by 1 January 2030, if there were alternative ways to recycle this waste instead?

☒ Yes

☐ No

Methane emissions from landfill are caused by organic waste. Therefore, several options exist to reduce these emissions:

Promote home composting

Systematise and make mandatory organic waste collection

Install landfill gas capture systems to capture methane created by organic waste

Treat organic waste (compost and/or digestion to create and collect methane) and ban organic materials going to all landfills

In our views, these actions are the three most important ones to reduce emissions from landfills. However, these actions must be done carefully to prevent any adverse effects and ensure an equitable transition. That is why we recommend:

Promotion of home composting is already done in many districts. More support could be offered to the communities by proposing more workshops and having cheaper composting bins for example.

Collection of organic waste can be done quickly. It is already done in some districts and is very successful.

Currently, organic waste is sent to landfill. Therefore, we recommend installing landfill gas capture systems in all suitable sites in order to collect the methane produced. Even if organic waste is banned from all landfill, those systems will still be useful since organic waste release methane for a long period of time after disposal. Those systems must be installed quickly enough to reduce our methane emissions and achieve our targets.

Many districts do not have the resources or infrastructure for a commercial composting facility. Strategies and funding must be in place to mandate landfill gas capture and the ban of organic materials going to all landfills. Scale should be considered as well.

New Zealand has very few organic waste treatment plants. These plants are expensive, and it can be challenging to install them (consent processes, etc). Therefore, we recommend the Government to support those plants installation in any way that is suitable. Until New Zealand has enough facilities to properly treat organic waste, we recommend organic waste to only be sent to landfill installing landfill gas capture systems.

93. Would you support a proposal to ban all organic materials going to landfills that are unsuitable for capturing methane gas?

☒ Yes

☐ No

See question 92.

94. Do you support a potential requirement to install landfill gas (LFG) capture systems at landfill sites that are suitable?

☒ Yes

☐ No

See question 92.

95. Would you support a more standardised approach to collection systems for households and businesses, which prioritises separating recyclables such as fibre (paper and cardboard) and food and garden waste?

☒ Yes

☐ No

We support separating recyclables at the source (households and businesses) in order to increase efficiency in waste treatment.

However, to achieve this, three actions must be considered:

More options for waste collection:

Options for households to separate recyclables (food waste collection, etc) must be available. Without those options available, we cannot expect New Zealanders to be able to separate recyclables.

Education:

Education is a very effective way to make sure people separate the recyclables effectively.

Consistency:

To increased consistency and make it easier for New Zealanders, we would also recommend having one standard used in all the districts in New Zealand Aotearoa (e.g. one bin colour per type of waste).

96. Do you think transfer stations should be required to separate and recycle materials, rather than sending them to landfill?

☒ Yes

☐ No

Waste going to landfill must be reduced to a minimum in order to enter in a circular economy.

We recommend separating recyclables at the source (See question 95.) but all the steps of waste treatment should also separate and recycle materials.

97. Do you think the proposals outlined in this document should also extend to farm dumps?

☒ Yes

☐ No

However, the Government must be conscious of the pressure the farmer community is already under. Therefore, those proposals must be adapted to reduce adverse impacts and limit pressure on farmers.

98. Do you have any alternative ideas on how we can manage emissions from farm dumps, and waste production on farms?

Refuse to bury or burn

Reduce waste

Set targets for Farms to reduce waste

Utilise Agrecovery recycling programmes

Seek alternative products

99. What other options could significantly reduce landfill waste emissions across Aotearoa?

Education Campaigns that Reduce Food Waste is number 1.

We need to put funding into rolling out food waste collections at kerbside at all 68 Councils and have some options of types of food waste commercial composting across the country. That is key to targeting reduction in methane emissions reductions.

F-gases (p.110)

100. Do you think it would be possible to phase down the bulk import of hydrofluorocarbons (HFCs) more quickly than under the existing Kigali Amendment timetable, or not?

☐ Yes

☐ No

We do not have the skills and expertise to answer this question.

101. One proposal is to extend the import phase down to finished products containing high-global warming potential HFCs. What impact would this have on you or your business?

We do not have the skills and expertise to answer this question.

102. What are your views on restricting the import or sale of finished products that contain high-global warming potential HFCs, where alternatives are available?

We do not have the skills and expertise to answer this question.

103. What are your views on utilising lower global warming potential refrigerants in servicing existing equipment?

We do not have the skills and expertise to answer this question.

104. Do you have any thoughts on alternatives to HFC refrigerants Aotearoa should utilise (eg, hydrofluoroolefins or natural refrigerants)?

We do not have the skills and expertise to answer this question.

105. Can you suggest ways to reduce refrigerant emissions, in combination with other aspects of heating and cooling design, such as energy efficiency and building design?

We do not have the skills and expertise to answer this question.

Forestry (p.115)

106. Do you think we should look to forestry to provide a buffer in case other sectors of the economy under-deliver reductions, or to increase the ambition of our future international commitments?

☐ Yes

☒ No

Forestry should not delay or reduce our efforts to reduce emissions. Reducing our gross emissions is highly important if we want to effectively mitigate climate change.

That is the reason why Carterton and South Wairarapa District Councils set up targets on gross emissions rather than on net emissions. Indeed, it is an illusion to rely on carbon sequestration to achieve carbon reduction (and carbon reduction targets).

107. What do you think the Government could do to support new employment and enable employment transitions in rural communities affected by land-use change into forestry?

Land-use change into forestry must be carefully planned in order to protect rural areas (sheep and beef sector, productive land). This transition must be equitable. To do so, taking a holistic (consider social, cultural environmental and economic impacts) and flexible approach (use feedback received and adapt the strategy based on that feedback) are key to successful outcomes.

To support new employment and enable employment transition, adapted training should be provided to current and future workforce.

108. What's needed to make it more economically viable to establish and maintain native forest through planting or regeneration on private land?

We would like the Government to look into creating a native forest funding scheme for landowners where 50% of funding comes from either regional or Central Government and 50% from significant carbon emitters.

However, careful analysis would need to be undertaken to prevent offsetting by significant emitters to be the only way of reducing their carbon emissions and putting even more pressure on the productive land.

109. What kinds of forests and forestry systems, for example long-rotation alternative exotic species, continuous canopy harvest, exotic to native transition, should the Government encourage and why?

Native forests:

The three Wairarapa District Councils support permanent native forest planting. We would also like to see not only Government's financial support for increasing permanent native forests to provide a long-term carbon sink but also a strategic plan for a roll out as well as support for co-ordination and implementation at regional level. This would allow for leveraging off and connecting with the existing planting programmes at regional and catchment levels. Current funding schemes and levels of support for native afforestation have not been sufficient to drive the change needed. Incentives should recognise the multiple co-benefits of native forests and indigenous ecosystems in general.

Exotic forests:

Whilst we are in support of native forests as a long-lived source of carbon removal, we also support the right tree in the right place approach especially where non-native trees perform better e.g. for road stabilisation.

Forest management:

We strongly encourage the Government to ensure that wider environmental degradation from production forestry is brought to minimum. So far, we have collectively failed to effectively deal with the environmental consequences of forest harvesting.

We also encourage the Government to enable opportunities for raw logs being processed in Aotearoa instead being shipped overseas adding even more to our transport carbon footprint.

We would also like to see the Government incentivise 'multi-purpose' permanent forest e.g. the permanent forest with mountain bike tracks including educational component about the role of permanent forestry sink.

Careful planning:

We are also concerned that the rural/provincial areas will be picking up too much of the burden, through the ongoing drive to increase plantation forestry, which will come at the expense of the sheep and beef sector. This means we will be replacing relatively low intensity land use (sheep and beef) with a high intensity land use (plantation forestry). This will result in environmental, economic and social costs for rural communities that will be disproportionate to their proportion of the population.

We would like to see clear criteria for what type of land is put into forestry. We do not want to see our productive land being permanently lost to carbon farming. We need to ensure the security and economic stability of our food production, and viability of our rural communities.

a. Do you think limits are needed, for example, on different permanent exotic forest systems, and their location or management? Why or why not?

Limits are needed to protect the sheep and beef sector and productive land. We also think that limits to exotic forest are needed in order to increase native forest planning.

b. What policies are needed to seize the opportunities associated with forestry while managing any negative impacts?

We do not have the skills and expertise to answer this question.

110. If we used more wood and wood residues from our forests to replace high-emitting products and energy sources, would you support more afforestation? Why or why not?

☒ Yes

☐ No

The three Wairarapa District Council support afforestation with the requirements explained in question 109.

However, harvest is currently inefficient. Indeed, losses of fibres are important and should be reduced to a minimum. These losses are usually made of poor-quality wood so cannot be used as

building materials. However, they can be transformed in biofuels such as wood pellets. Therefore, we would like to see an increased efficiency in harvesting (and processing).

Why or why not?

See above question.

111. What role do you think should be played by:

Please provide reasons for your answers.

a. Central and local governments in influencing the location and scale of afforestation through policies such as the resource management system, ETS and investment

Central Government:

Central Government should set up broad policies that will empower the country to achieve its emissions targets. We also encourage Central Government to increase funding and investments to increase native forest planting (see question 108.) and support Local Government, private sector, and communities. We support the Government overseeing the ETS to make sure the scheme is in line with the emissions budgets.

Local Government:

Local Government, overseeing land planning, should set up policies aligned with the government policies and regulations. Because Local Government has a good understanding of its land, it is the right entity to support the right tree in the right place approach (through policies, resource management and funding).

b. The private sector in influencing the location and scale of afforestation?

Private sector:

We think that the consultation of private sector is of major importance to understand their views regarding afforestation. Indeed, their knowledge of the land should be considered before making policies to support the right tree in the right place approach.

We would also emphasise that Māori must also be consulted since they own the knowledge and the history of the land.

112. Pests are a risk to carbon sequestration and storage in new, regenerating and existing forest. How could the Government support pest control/management?

Pests are indeed an important risk to forestry and native ecosystems. This risk is very likely to increase in the near future due to Climate Change.

Also, the stakeholders currently in charge of pests control (DoC, Local Government, community groups, etc) are already under huge pressure (lack of resources such as time, budget, etc). Therefore, we would like the government to increase support to these stakeholders in order to support and increase pests control.

113. From an iwi/Māori perspective, which issues and potential policies are a priority and why, and is anything critical missing?

We do not represent an iwi/Māori perspective.

114. Are there any other views you wish to share in relation to forestry?

Here again, the three Wairarapa District Councils recommend the government to have a holistic and inclusive view of the transitioning key sectors.

Taking action

Do you have any examples of your organisation demonstrating leadership and taking action to reduce GHG emissions you could share with us? If so, briefly describe the example.

Note: we intend include case studies in the final ERP. We may be in contact with you to use your example for this purpose. Examples will only be used if permission is given.

The three Wairarapa District Councils are taking action to mitigate and adapt to climate change. More information here:

<https://cdc.govt.nz/services/sustainability/climatechange/>

<https://swdc.govt.nz/community/climate-change/>

- Carterton and South Wairarapa District Councils adopted the Ruamāhanga (climate change) Strategy and action plan in 2020. This strategy aims to mitigate climate change.

<https://mstn.govt.nz/council-2/climate-change/>

- Masterton District Council actively supports a community climate change focus group to establish a set of actions for our district. These actions will be adopted in 2022.



6.8 HEALTH, SAFETY AND WELLBEING UPDATE

1. PURPOSE

This report is to update the Audit and Risk Committee on recent health, safety and wellbeing (HS&W) activities.

2. SIGNIFICANCE

The matters for decision in this report are not considered to be of significance under the Significance and Engagement Policy.

3. NEW SINCE THE LAST REPORT

The main focus for this reporting period, 12 August 2021 to 08 November 2021, has been the review of the 2018-2021 Health & Safety Strategy, the completion of the Staff Wellbeing Strategy, and a focus on Driver and Vehicle Safety.

Staff Wellbeing Strategy

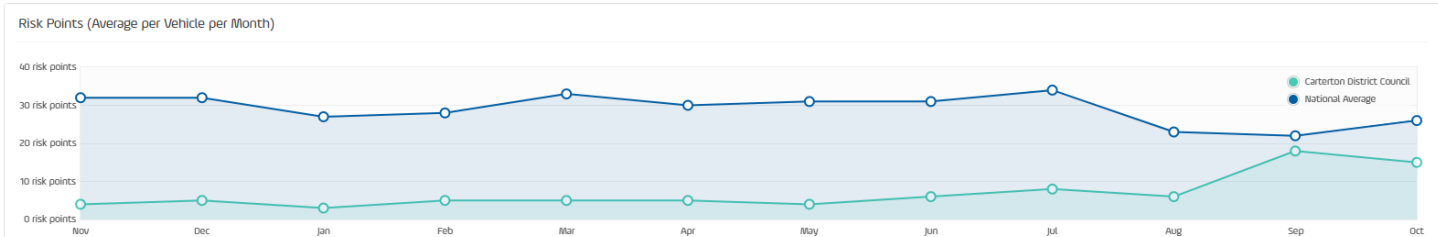
The Wellbeing Strategy document (**Attachment 1**) has now been finalised together with the Action Plan and Wellbeing Calendar. This has been an extensive process with significant staff involvement and influence. During 2021, the following staff suggestions were implemented:

- Provide sport subsidies
- Offer e-bike / pool bikes
- Provide coffee meetings
- Provide walking meetings
- Support a get fit walking group
- Celebrate successes and significant milestones
- Encourage staff ideas for a better environment and good wellbeing
- Provide social gatherings for whole of council eg. quarterly soup lunches
- More talking and sharing between teams
- Celebrate annual days with nice surprises eg. Be kind day

- Provide training opportunities
- Compliment register

Driver and Vehicle Safety

As the graph below shows, our driving risk points show an increase in speed over the last quarter, however we continue to remain below the national industry average. The increased speed is likely attributed to the transition from rural to urban locations, and a lack of traffic on the roads during Alert Level 3 and 4 restrictions. This is consistent with what we saw during the 2020 lockdown period.



Data is taken from the Argus Tracking System installed in all Carterton District Council vehicles. The line graph shows risk points per vehicle, comparing Carterton District Council to the industry average. Risk points are incurred due to speeding where more speed equals more points, and sustained speed equals more points.

Managers and Team Leaders have now had group and individual discussions with staff to emphasise speeds and Council driving policies, and we will continue to monitor speeds and promote our safe driving campaign, which includes:

- Review and circulation of relevant staff policies:
 - Driver Licencing Policy
 - Motor Vehicle Usage Policy
 - Safe Driving Policy
- Review of pre-start vehicle check sheets and frequency of use
- Promotion of key messages at team meetings
- General messaging through the staff newsletter and staff noticeboards

4. HEALTH AND SAFETY STATISTICS

Reporting period incidents 12 August – 8 November 2021.

For this period, we are pleased to see an increase in reporting:

- 2 near miss incidents
- 2 non-injury accidents/incidents (vehicle/equipment damage)
- 3 incidents resulting in minor injury
- 1 hazard (task improvement).

The H&S Committee and HS&W Advisor have reviewed all incidents and are satisfied that the responsible managers and team leaders are taking appropriate actions in each case. None of the accidents have highlighted major systemic failings.

5. ENGAGING WITH OUR PEOPLE

Training

First Aid training with Red Cross is currently underway and will be completed by mid-December. These are largely staff in high-risk areas, or teams whose work involves care of the public such as providing library services and the school holiday programme.

A training workshop organised with South Wairarapa and Masterton District Councils to deliver personal safety, conflict resolution, and robbery preparedness training for front line staff has been postponed until early 2022. This training is one of our key factors to mitigate the risk to staff from adverse customer behaviour and is particularly timely following recent reports from staff about an increased level of stress in the community as a result of Covid-19.

Wellbeing activities

CDC will be supporting and raising awareness for White Ribbon day (25 November). The White Ribbons (below) will be used again, as a visual reminder for members of the public. Staff are being encouraged to wear White Ribbons and fundraising boxes will be on the counter at the Events Centre and the Council office. The Communications team will create a video montage with various CDC staff holding White Ribbon posters and commenting on the slogans.



Health & Safety (H&S) Committee

The Committee meet bi-monthly to report on HS&W issues, and to review incidents, near misses and hazards.

The Committee remain well engaged and committed to leading HS&W across the Council. There are nine members representing all teams across the council and supported by the Health, Safety & Wellbeing Advisor.

In October, the Committee met for a half day workshop to review the Hazard Register and the Health and Safety Strategy. This workshop was a valuable use of time. The newer Committee members were able to work collaboratively with our Senior Committee members, and the Committee were engaged and focused on completing the reviews within the workshop timeframe.

6. WORKING WITH OUR CONTRACTORS

We are currently undertaking an audit of our contractors to review and update the necessary H&S information. This will be part of a biennial audit to satisfy ourselves that our contractors understand their obligations, they know what they are doing, and have competent employees doing it. We are also ensuring contractors' COVID 19 safety plans and protocols are aligned with council protocols and MOH guidelines.

7. FIVE BIGGEST HEALTH AND SAFETY RISKS

The five biggest Health and Safety risks are listed with details about how they will be reduced, and when reduction measures will take place.

Currently the five biggest risks we are focusing on are:

1. Contractors
2. Working alone and remotely
3. Under reporting
4. Behaviour
5. Staff wellbeing

Top 5 Health and Safety Risks

Risk	Description of Risk	Controls and reduction measures	Actions
Contractors	<p>Council hires contractors because it doesn't always have the expertise or capacity to undertake the activities.</p> <p>Contractors pose a risk principally because we have little control over their staff and their work standards while they are on the job. It is not possible for us to supervise them at a micro level. We are reliant on them to employ staff who are trained and competent to undertake the work assigned while at all times observing safe practices and their obligations under the Health and Safety at Work Act.</p>	<p>All contractors used by the council will have satisfied us that they have robust health and safety systems in place and that they understand their health and safety obligations to us and their staff. Discussions will be held with contractors before they commence any tasks and staff are expected to have had and recorded health and safety conversations.</p>	<p>Contractors have been asked to provide details of their health and safety systems. Information provided is being checked and accredited by council. Approved providers will be required to sign a contractor agreement. ONGOING</p> <p>Briefing and induction processes including hazards and present controls are developed and are provided to appropriate council staff. COMPLETE</p> <p>Site safety Checklists have been developed and are provided to appropriate council staff. Checklists modified to include what meets expectations and doesn't meet expectations. COMPLETE</p> <p>Staff have attended the contractor management training and we are working with them on improvements to our system. We are currently trialling a simple app on phones which will help in recording health and safety interactions, conversations and monitoring of contractors. ONGOING</p> <p>Contractor COVID 19 safety plans and protocols are reviewed to ensure alignment with council protocols and MOH guidelines. ONGOING</p>

Risk	Description of Risk	Controls and reduction measures	Actions
<p>Working Alone and Remotely</p>	<p>Being such a small organisation it is often impossible for staff to work in teams or even in pairs. Often staff are required to work alone and remotely where in some cases poor cell phone coverage is an additional factor.</p> <p>With the introduction of flexible working arrangements due to Covid-19, we have staff working from more than we have had in the past.</p>	<p>All staff who work remotely or alone will be provided with in car radio transmitters and/or cell phones. They will be required to sign out before they leave, including their intended location and expected time of return. This will be monitored, and action taken in line with an emergency response plan if help is summoned or they fail to return by the expected time. They will be required to sign in when they return. They will be provided with a device to summon assistance which does not require cell phone coverage.</p> <p>Staff working from home are supported by their Managers/Team Leaders and work colleagues through Teams meetings/phone calls and emails. Staff are reminded that the same obligations to Health and Safety apply when working from home.</p>	<p>All staff who work remotely or alone have a car radio transmitter and/or cell phone and/or a Garmin device. COMPLETE</p> <p>Sign out/in system has been reviewed. COMPLETE</p> <p>Monitoring of sign out/in system in place. COMPLETE</p> <p>Remote contact devices have been distributed to teams who have people who work alone or remotely. We will continue to work with the teams on monitoring team members when they are out and about and using the information from the Garmin device. ONGOING</p> <p>Garmin refresher training, and Working Alone refresher training will be co-ordinated in house with those staff that work alone. IN PROGRESS</p> <p>Staff are reminded of our Working from Home Policy, Workstation set up guide, Incident Report and EAP services. ON GOING</p>

Risk	Description of Risk	Controls and reduction measures	Actions
<p>Under Reporting</p>	<p>While there is a good level of reporting any physical accidents, the risk of under-reporting of near misses needs to be constantly monitored.</p> <p>This is due to a combination of staff thinking “nothing happened so why report it” and the perceived amount of time required to make a report.</p>	<p>We regularly remind staff of the importance of notifying any near miss so that we are able to both consider patterns and to take pre-emptive action to put in place safety measures where necessary. Wherever possible are making it easier for staff to report near misses.</p>	<p>We have provided all Operations staff with a pocket-sized notebook to instantly record near misses. COMPLETE</p> <p>The “Sh!t That Was Close” initiative is a descriptor of a near miss that is relevant to our staff who are the most likely to observe such things. We have a designated email address stwc@cdc.govt.nz and text number set up to make it easy for staff to communicate health and safety matters. ONGOING</p> <p>Managers and Team Leaders are backing the reporting message at team meetings through a formal agenda item, talking about near misses and reminding staff to report those that they see. ONGOING</p> <p>Health and Safety Committee members take an active role in encouraging all incident reporting, including near miss reporting within their teams and across Council. ONGOING</p> <p>Near miss reporting , the STWC email and H and S phone number are being promoted through posters, fortnightly staff newsletter and the TV monitors in the staffrooms. ONGOING</p> <p>Health and safety obligations are included in employment agreements and job descriptions. ONGOING</p> <p>The importance of timely reporting is emphasised during health and safety staff induction processes ONGOING</p>

Risk	Description of Risk	Controls and reduction measures	Actions
Behaviour	<p>An unintended consequence of changes in our environment has seen Carterton district council having to manage situations where people's behaviours pose a risk of somebody threatening or assaulting them, possibly with a weapon. With potential of a fatality.</p> <p>Introduction of a range of services and experiences such as Wi-Fi, together with external environmental factors such as transition of mental health patients into the community, troublesome youth, drug and alcohol abuse have potential to result in an increase in problematic individuals frequenting CDC premises and dealing with CDC staff in the community.</p> <p>Cash held on premises also presents potential for robbery.</p>	<p>It is important all our staff know how to keep themselves and others safe when dealing with each other and members of the public. Skilled staff are able to deal with interactions with difficult customers, before they escalate to situational violence. We need to provide all staff with training to give them the skills to deal with situations before they escalate to harm.</p> <p>We need to ensure there are appropriate security measures in place to protect staff from persons entering premises with the intent of causing harm. This includes equipping people working in our community with cameras and communication devices.</p> <p>We need to continue migration of customers to payment mechanisms that do not rely on cash.</p> <p>Concern for underreporting of near misses involving people's behaviour, is being addressed separately. The risk of threats or violence to staff working alone or in remote areas is also being addressed separately.</p>	<p>Staff continue to encourage payment of accounts online or by direct debit. We are seeing a good uptake with 60% of ratepayers now paying rates by direct debit. ONGOING</p> <p>Restrict public access to secure staff only areas. Ensure staff escorts visitors to non-public areas in all three council sites. ONGOING</p> <p>Undertake regular engagement with Police, community patrol groups and community groups supporting youth and mental health to ensure an awareness of what is happening in the community with potential to impact Council staff and others. ONGOING</p> <p>Following a behavioural incident, we have reviewed physical security in council office, staff ability, guidelines and tools to assist staff in managing difficult behaviour. Our front-line staff area happy with the results. COMPLETE</p> <p>Staff have provided with training covering Personal safety, Conflict Resolution, Cash Handling and Robbery Preparedness. In the Staff Handbook, we have guidelines and tools to assist staff when dealing with difficult people. COMPLETE</p> <p>We have seen continued uptake of payment of accounts online or by direct debit with over 60% of ratepayers now paying rates by direct debit, with others</p>

			<p>paying through online banking and automatic payment.</p> <p>We have set up an online payment portal and we will continue to encourage people to pay online.</p> <p>COMPLETE</p> <p>We are fostering a healthy and safe team culture through gender balance, more robust onboarding process and the implementation of the CDC Wellbeing Strategy. We are promoting a culture where staff feel safe raising any concerns, and know their concerns will be addressed appropriately. ONGOING</p>
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Risk	Description of Risk	Controls and reduction measures	Actions
Staff Wellbeing	<p>Being a small organisation and having departments under-staffed is placing some teams under pressure and the need to work long hours. Staff under pressure pose a risk to themselves, the organisation, and customers. Staff under pressure can lead to burnout, stress, fatigue, all leading to both mental/physical and social affects, contributing to lower performance levels.</p> <p>Working long hours under pressure can lead to poorer mental health including stressful feelings, an increase in anxiety, depression and lower quality sleep patterns. This will contribute to a higher number of accidents occurring, bad decisions being made, irritability and concentration/memory issues.</p> <p>Employees physical health can be compromised with the increased risk of a stroke, heart problems, high cholesterol and high blood pressure.</p>	<p>Managers and staff need to be able to recognise the early symptoms of stress, fatigue and burnout.</p> <p>We need to ensure we have an environment where staff feel they are trusted and can talk with their manager or a senior staff member about how they are feeling.</p> <p>Stress awareness, fatigue information and the symptoms of burnout will be communicated to all staff so early symptoms can be recognised across the team.</p> <p>Staff will be reminded of the free and confidential counselling service offered through EAP.</p> <p>Clearly defined position descriptions and resourcing are key for reducing this risk. Clearly defined boundaries and jobs that are achievable. Managers and Team Leaders to encourage their teams to take adequate breaks and keep tabs on work hours to ensure they do not exceed 55 hours in a week as per our "Hours of Work and Fatigue Policy" ID 42072.</p>	<p>Development of staff Wellbeing Strategy and action plan. COMPLETE</p> <p>Implementation of managed sick leave policy. COMPLETE</p> <p>Good mental health, stress awareness, fatigue information and good wellbeing is communicated to all staff through posters, T.V. screen notices, and the fortnightly staff newsletter. ONGOING</p> <p>Managers and team leaders regularly check in with their teams and provide support where needed. ONGOING</p> <p>EAP information communicated to all staff through posters and the fortnightly staff newsletter. ONGOING</p> <p>New screens installed in the lunchroom to provide wellbeing and health and safety messages. IN PROGRESS</p> <p>Work with other councils to combine services and/or provide relief staff. ONGOING</p> <p>Filling of vacant roles. ONGOING</p> <p>Address lack of work-space issues through physical relocation, working from home flexibility where appropriate, re-design of existing spaces. ONGOING.</p>

8. CONSIDERATIONS**8.1 Climate change**

None of the issues reported in this paper are considered to have climate change implications.

8.2 Tāngata whenua

There are no decision implications for tāngata whenua.

8.3 Financial impact

All work undertaken is within planned budgets.

8.4 Community Engagement requirements

No community engagement is required.

8.5 Risks

There are no identifiable risks associated with the decisions required in this report.

9. RECOMMENDATION

That the Council/Committee:

1. **Receives** the report.
2. **Notes** the health, safety and wellbeing activities described in this report.

File Number: 136860

Author: Geri Brooking, People and Wellbeing Manager

Attachments: Nil



6.9 COUNCIL TRANSITION TO A COVID-19 ENVIRONMENT

1. PURPOSE

For the Committee to receive information on Council's transition to the delivery of operations and services in a COVID-19 environment, and the associated risks and mitigations.

2. SIGNIFICANCE

The matters for decision in this report are not considered to be of significance under the Significance and Engagement Policy.

3. BACKGROUND

Previous reports to Council and this Committee have outlined the organisation's readiness for the impacts of COVID-19, and our response to the latest outbreak and Alert Level 3 & 4 lockdown.

With the announcement of the COVID-19 Protection Framework (**Attachment 1**) on 22 October 2021, the government has signalled a transition from the country's *Elimination Strategy* to a *Minimise and Protect Strategy* where we are freer to move and live with less disruption, and businesses have more stability for the future.

There are two key elements to this strategy - a highly vaccinated population, and the implementation of the Protection Framework.

Once 90% of eligible New Zealanders are fully vaccinated and protected, it will be safe to introduce the framework which does not rely on lockdowns as the main measure to stop the virus spreading.

Wairarapa's vaccination rate is currently 86% for first doses and 74% for two doses.

COVID-19 Protection Framework

The 'traffic light' model framework is made up of three settings:

- Green setting - some COVID-19 in the community but at low levels:
 - businesses, workplaces, retail, public facilities, and education are open
 - fully vaccinated people can enjoy all events and hospitality and gatherings by showing a vaccine certificate
 - where premises choose not to use vaccine certificates there are restrictions on numbers and spacing
 - record keeping/scanning in place
 - face masks only be mandatory on flights but encouraged in indoor settings.
- Orange setting – increasing community transmission with increasing pressure on the health system:

- businesses, workplaces, retail, public facilities, and education are still open but with some distancing and health measures in place
 - where vaccine certificates are in place, no gathering limits for events, gatherings or hospitality
 - places that choose not to use vaccine certificates will either be closed or will have restrictions and public health measures in place
 - record keeping/scanning in place
 - face masks only be mandatory on flights but encouraged in indoor settings.
- Red setting - the virus is spreading in a way that means we need to take action to protect our most vulnerable and prevent too much pressure on our health system:
 - businesses, workplaces, retail, public facilities, and education are still open but with capacity limits and public health measures in place
 - hospitality and events are open with vaccine certificates, gathering limits, and health measures
 - working from home encouraged
 - places that choose not to use vaccine certificates will be closed or will have strong restrictions and public health measures in place
 - record keeping/scanning in place
 - face masks required.

Mandatory Vaccination

To support the need for a highly vaccinated population, the government has introduced mandatory vaccination for employees of a number of sectors including Corrections, border workers, education, and health.

Local government, as a whole, is not currently included in these mandates however there are some specific council roles that fall within the scope of the education mandate. For other roles not explicitly included in the mandate, for example, School Holiday Programme Facilitators, it is prudent to undertake health and safety assessments to understand and consider risks to our staff and the wider community.

4. TRANSITIONING COUNCIL OPERATIONS AND SERVICES

Council's planning and preparedness ensured a safe and efficient move to providing services during the recent outbreak and Level 3 & 4 restrictions.

Working under the new Protection Framework will offer more certainty and stability in the delivery of our operations and services with teams being able to continue functioning smoothly through different setting levels.

Current Actions

In order to transition to the new framework, there are a number of actions we will be undertaking immediately:

- alignment of our operations and safety protocols developed under the Alert Level System with the new framework guidelines

- communication of the new framework operations and protocols to staff including training and assurance to ensure our people feel confident and safe delivering services under the new settings, particularly the Red Setting
- consultation with staff to develop and understand the response protocols for a possible or positive COVID-19 staff case
- safety assessment of staff roles to consider risks and vaccination requirements
- consultation with staff whose roles are affected by vaccination mandate or internal safety assessment.

There are also still some areas that we require more clarity and guidance on before we can fully understand what actions are required, for example, as a ratepayer-funded public service, will councils hold vaccine certificates to enable services to remain open, but resulting in staff being required to refuse unvaccinated people entry to our library and swimming pool?

Taituarā have indicated that they will be in a position to provide guidance to councils on the Protection Framework at the end of November – the time Auckland is expected will move to the new framework. In the absence of guidance, like us, most councils are already progressing work in relation to aligning operations and safety protocols, and addressing employment processes where staff positions are affected by vaccination mandates or internal safety assessments.

Community Support

There is an expectation that council will play a role in supporting also other organisations and the community however, it is unclear at this staff what that role will be. On 2nd November 2021, the government advised there will be a change to a regional approach in the management of positive COVID-19 cases in the community. Although high level decision-making will still come from central government, regions will be responsible for coordinating and operationalising them.

The Regional Leadership Group (RLG) is leading the implementation of this work locally, and considering key areas to ensure systems and processes presently in place are fit for purpose, as well as identifying gaps in readiness, and opportunities for improvement.

The RLG will also involve Civil Defence Emergency (CDEM) groups in the regional delivery which, for Wellington/Wairarapa, will see two Wellington Region Emergency Management Office (WREMO) staff seconded to support the health sector. Council staff may also be required to provide support through our Emergency Operations Centre (EOC) functions however WREMO have emphasised that we will not be so actively engaged that resources cannot be extracted to deal with another emergency.

5. RISKS AND MITIGATIONS

5.1 Keeping our staff safe

The risk of our staff becoming unwell with COVID-19 is increasing with the escalating number of cases and the imminent move to the new framework however, management are confident that our current COVID-19 safety protocols are now well embedded into the organisation:

- remote working options
- sick leave provisions
- mask wearing as much as possible
- hygiene and sanitising protocols

- physical distancing from colleagues and the public
- protective screens on public counters
- recording movements through the Tracing App or manual registers
- encouraging and enabling staff to get vaccinated including arranging priority appointments, time off work, workplace pop-up clinics, and providing information to support any staff who may have some hesitancy about the vaccine
- internal communications through newsletters, team meetings, workplace posters, staff room screens, and direct emails to remind staff of the need for caution and safety protocols.



5.2 Protecting our services and operations

As a result of the 2020 Lockdown, the capacity and capability of the following teams providing critical functions was increased:

- the provision of potable water
- operation of essential roads
- information technology
- communications.

The benefit of these increases were reflected in the smooth operation of services under the latest Level 3 & 4 restrictions with our teams are now well prepared and practiced at operating in the event of a disruption.

In preparation for the new Protection Framework and anticipated COVID-19 environment, management have again reviewed Council's Pandemic Business Continuity Plan to ensure it is aligned and still fit for purpose.

5.3 New risks and mitigations

Delivering services in a COVID-19 environment will present additional risks for the Council to manage. WREMO have undertaken some initial analysis to identify risks relevant to Council, other key organisations, and the community.

The Consequence Assessment Matrix (**Attachment 2**) outlines these risks, together with possible consequences, and mitigations to avoid or reduce the effects. The analysis has five environmental focus areas that align with Council's wellbeing outcomes – economic, social, built, natural and cultural.

A summary of the recommended mitigations includes:

- Prepare staff and adjust business practices for a 'living with COVID' scenario
- Monitor, retain and advocate for critical skills – health, aged care, education, construction etc.
- Prepare for renewed demand for welfare needs
- Advocate for more community-based mental health support services
- Monitor community wellbeing and the cost of living, and advocating for ongoing central government support and collaborative solutions
- Improve coordination and support for community-based social services
- Adjust community engagement approach and priorities
- Explore and support ways to raise vaccination rates
- Explore range of options for self-isolation capacity at a local level
- Better monitoring and support of small to medium business.

Again, as yet it is unclear what role Council will play in supporting this work with discussions and developments evolving every day.

6. NEXT STEPS

Over the coming weeks, further direction and guidance is expected from government, Taituarā, WREMO, and other agencies. Management will continue to liaise with these and other councils to ensure our staff, operations and risks are appropriately managed.

7. CONSIDERATIONS

7.1 Climate change

There are no specific climate change implications arising from this report.

7.2 Tāngata whenua

This is an internal Council to ensure readiness for the impacts of a COVID-19 environment with mitigations considered across the whole of community however it is acknowledged that Māori are at higher risk of impacts due to a lower vaccination rate and existing adverse health outcomes. Council will work with WREMO and Ko Wairarapa Tēnei (COVID-19 response for Māori) to ensure support is provided as required.

7.3 Financial impact

All COVID-19 response and readiness activities are being managed within existing budgets.

7.4 Community Engagement requirements

No community engagement is required at present. Community messaging and communications form part of the Council's readiness and response plans.

7.5 Risks

As outlined in this report.

8. RECOMMENDATION

That the Committee:

1. **Receives** the report
2. **Notes** the actions taken to prepare for and mitigate the impacts of a COVID-19 environment.

File Number: 137142

Author: Geri Brooking, People and Wellbeing Manager

Attachments:

1. COVID-19 Protection Framework [↓](#)
2. COVID-19 Consequence Assessment Matrix [↓](#)

New Zealand COVID-19 Protection Framework

Factors for considering a shift between levels: vaccination coverage; capacity of the health and disability system; testing, contact tracing and case management capacity; and the transmission of COVID-19 within the community, including its impact on key populations.

Localised lockdowns: will be used as part of the public health response in the new framework across all levels, and there may still be a need to use wider lockdowns (similar to the measures in Alert Level 3 or 4).

Vaccination certificates: Requiring vaccination certificates will be optional for many locations. There are some higher-risk settings where they will be a requirement in order to open to the public. Some places won't be able to introduce vaccination requirements, to ensure everyone can access basic services, including supermarkets and pharmacies.

GREEN	COVID-19 across New Zealand, including sporadic imported cases.	General settings <ul style="list-style-type: none"> Record keeping/scanning required Face coverings mandatory on flights, encouraged indoors Public facilities – open Retail – open Workplaces – open Education (schools, ECE, tertiary) – open Specified outdoor community events – allowed 		
	Limited community transmission.	No limits if vaccination certificates are used for: <ul style="list-style-type: none"> Hospitality Gatherings (e.g. weddings, places of worship, marae) Events (indoor/outdoor) Close contact businesses Gyms 		
	COVID-19 hospitalisations are at a manageable level.	If vaccination certificates are not used, the following restrictions apply: <ul style="list-style-type: none"> Hospitality – up to 100 people, based on 1m distancing, seated and separated Gatherings (e.g. weddings, places of worship, marae) – up to 100 people, based on 1m distancing Events (indoor/outdoor) – up to 100 people based on 1m distancing, seated and separated Close contact businesses – face coverings for staff, 1m distancing between customers Gyms – up to 100 people, based on 1m distancing 		
ORANGE	Increasing community transmission with increasing pressure on health system.	General settings <ul style="list-style-type: none"> Record keeping/scanning required Face coverings mandatory on flights, public transport, taxis, retail, public venues, encouraged elsewhere Public facilities – open with capacity limits based on 1m distancing Retail – open with capacity limits based on 1m distancing Workplaces – open Education – open with public health measures in place Specified outdoor community events – allowed 		
	Whole of health system is focusing resources but can manage – primary care, public health, and hospitals.	No limits if vaccination certificates are used for: <ul style="list-style-type: none"> Hospitality Gatherings (e.g. weddings, places of worship, marae) Events (indoor/outdoor) Close contact businesses Gyms 		
	Increasing risk to at risk populations.	If vaccination certificates are not used, the following restrictions apply: <ul style="list-style-type: none"> Hospitality – contactless only Gatherings (e.g. weddings, places of worship, marae) – up to 50 people, based on 1m distancing Close contact businesses, events (indoor/outdoor) and gyms are not able to operate 		
RED	Action needed to protect health system – system facing unsustainable number of hospitalisations.	General settings <ul style="list-style-type: none"> Record keeping/scanning required Face coverings mandatory on flights, public transport, taxis, retail, public venues, recommended whenever leaving the house Public facilities – open with up to 100 people, based on 1m distancing Retail – open with capacity limits based on 1m distancing Workplaces – working from home encouraged Education – schools and ECE open with public health measures and controls Specified outdoor community events – allowed with capacity limits 		
	Action needed to protect at-risk populations.	With vaccination certificates, the following restrictions apply: <ul style="list-style-type: none"> Hospitality – up to 100 people, based on 1m distancing, seated and separated Gatherings (e.g. weddings, places of worship, marae) – up to 100 people, based on 1m distancing Events (indoor/outdoor) – up to 100 people based on 1m distancing, seated and separated Close contact businesses – public health requirements in place Gyms – up to 100 people, based on 1m distancing Tertiary education – vaccinations required for onsite delivery, with capacity based on 1m distancing 		
		If vaccination certificates are not used, the following restrictions apply: <ul style="list-style-type: none"> Hospitality – contactless only Gatherings (e.g. weddings, places of worship, marae) – up to 10 people Close contact businesses, events (indoor/outdoor) and gyms are not able to operate Tertiary education – distance learning only 		

22/10 v1.4

COVID 19 Delta Resurgence - Consequence Assessment Matrix

SCENARIO: COVID is in the community. Level 1 + restrictions are in place for a year or more and impacts community health and constrains the capacity of social and economic systems

Economic Environment					
Sub-category	Impacts	Consequences Actual/Probable/Possible ¹	Short-term Considerations (0 – 6 months)	Intermediate-term Considerations (6 – 18 months)	Long-term Considerations (18 + months)
<ul style="list-style-type: none"> Small to Medium Businesses / Enterprises (SME's) 	<ul style="list-style-type: none"> PROBABLE: SME's are placed under further financial pressure. 	<ul style="list-style-type: none"> PROBABLE: SME's are significant employers in the region and are perhaps the most vulnerable to a COVID resurgence. Ongoing lockdown restrictions, loss of critical staff or customers to sickness or stand-down further risks the viability of many of these businesses to exist, and their loss ultimately reduces the region's economic resilience and prosperity. POSSIBLE: Lack of coordinated action between the region's councils to monitor and prepare for further economic hardship to SME's (<u>when the likelihood of a COVID resurgence is high</u>) could harm local government's reputation and damage the regions' economy more severely and for a much longer duration than necessary. 	<ul style="list-style-type: none"> CONSIDERATION: The CDEM Group needs to better coordinate their efforts to monitor and maintain an ongoing understanding of shifting economic conditions and trends within their respective TA's & the across wider region. RECOMMENDATION 1: The CDEM Group advocates and supports the establishment of a Regional Business Recovery Working Group (in conjunction with other partners such as WellingtonNZ & Chambers of Commerce) to develop a standardised suite of infometrics (both qualitative & quantitative) to monitor SME business activity. This information can then be used as a means to identify real and potential risks, and act as an evidence base for advocacy to central govt, and prioritisation of regional interventions to support local businesses during a COVID resurgence. <ul style="list-style-type: none"> RECOMMENDATION 1A: As part of the effort to collect infometrics prior to a COVID resurgence, the regional business recovery working group jointly develops a business questionnaire that each council can then use to survey their local businesses on a quarterly basis to monitor change and compare variances/similarities across the region. These qualitative results can be used to overlay with quantitative statistics and provide a more timely and distinctly human insight to inform advocacy efforts and support packages. RECOMMENDATION 1B: The regional business recovery working group is also used as a mechanism for Council's to share business support ideas and information with each other. RECOMMENDATION 2: WREMO adjusts its annual plan KPI's and increases its delivery of online BCP workshops throughout the region over the next 6 - 12 months and invites Council business development team personnel to participate. <ul style="list-style-type: none"> RECOMMENDATION 2A: WREMO uses its online BCP workshops to sign-up SME businesses to the region's quarterly business survey. This survey would be similar in flavour to the Community Sentiment Survey. RECOMMENDATION 3: WREMO maintains the COVID 19 Dashboard for the foreseeable future but looks to further advance the project on standardising national response and recovery infometrics with NEMA and other CDEM Groups. 	<ul style="list-style-type: none"> CONSIDERATION: The Regional Business Recovery Working Group conducts needs assessment for workforce development programs CONSIDERATION: The Regional Business Recovery Working Group identifies, develops and implements workforce retention and recruitment programs, particularly for major employers and critical skills CONSIDERATION: The Regional Business Recovery Working Group establishes regional programs for transient and temporary workforce support. CONSIDERATION: The Regional Business Recovery Working Group continues to analyse economic trends and forecast long-term economic performance to inform a coordinated regional economic recovery strategic plan. 	<ul style="list-style-type: none"> CONSIDERATION: Market the viability of the region to promote growth CONSIDERATION: Design and implement community-based branding, marketing, or "open for business" campaigns to attract new customers and investments. CONSIDERATION: If the trend to shop local continues will businesses follow consumers out of the CBD? And if so, what are the implications of this? For example, conversion of office and retail space into apartments. More businesses wanting to find land and buildings in the suburbs etc.

¹ Actual – being experienced now. Probable – not currently being experienced but highly likely to occur. Possible – not currently being experienced but there is potential for it to occur.

Economic Environment					
Sub-category	Impacts	Consequences Actual/Probable/Possible ¹	Short-term Considerations (0 – 6 months)	Intermediate-term Considerations (6 – 18 months)	Long-term Considerations (18 + months)
		<ul style="list-style-type: none"> • PROBABLE: COVID trading restrictions, such as safe distancing, mask wearing, hygiene and cleaning requirements become embedded long term and result in higher costs being passed onto the consumer and lower profit margins for businesses. • PROBABLE: International and domestic supply chain issues caused by COVID also results in higher costs being passed onto the consumer, which ultimately results in inflationary pressure and a possible rise in interest rates affecting housing affordability. 	<ul style="list-style-type: none"> • RECOMMENDATION 4: Monitor rising operating costs for SME's through a targeted business survey (as mentioned previously). If costs are rising rapidly, advocate for easing of COVID operating restrictions for businesses. • RECOMMENDATION 5: Council's actively promote buying locally and specifically support sectors under pressure. See example: business support actions from KCDC. 		
		<ul style="list-style-type: none"> • ACTUAL: More people want to work from home or have more flexible working conditions to cope with COVID, resulting in an ongoing shift away from shopping in the central city and a rise in shopping in the suburbs. 	<ul style="list-style-type: none"> • RECOMMENDATION 6: Continue to monitor consumer spending in each TA to see if there is a prolonged change in consumer spending habits. 	<ul style="list-style-type: none"> • CONSIDERATION: What does the Council do with closed business premises in the central city? How can these spaces be used by community groups or other organisations as places for connectivity and recreation to retain the vibrancy of the inner city until business prospects improve and return. • CONSIDERATION: Determine economic redevelopment and diversification priorities, plans, and activities. 	
		<ul style="list-style-type: none"> • POSSIBLE: Many events companies will no longer survive with ongoing restrictions and high COVID compliance costs (even at Level 1+). 	<ul style="list-style-type: none"> • CONSIDERATION: The Regional Business Recovery Working Group needs to consider how it can support events companies and attract smaller niche events back into the region. 		
		<ul style="list-style-type: none"> • PROBABLE: Many local businesses will continue to increasingly look toward councils and central government for ongoing support. 	<ul style="list-style-type: none"> • RECOMMENDATION 7: WREMO & Council's need to brief and prepare their staff for ongoing information and support requests coming from business and what that might potentially look like. In preparation for this consultation should be undertaken with SME's in their local area, growing council business development teams and training customer service's staff to know how to manage and channel business information requests. • CONSIDERATION: Partner with Chambers of Commerce and other local business groups to advocate for local business and identify their needs. 		
		<ul style="list-style-type: none"> • POSSIBLE: Anticipated rebound in demand in certain hard-hit sectors, particularly travel, retail and hospitality may not play out as expected leaving many businesses further exposed 	<ul style="list-style-type: none"> • RECOMMENDATION 8: WREMO continues to focus on better preparing SME's to manage different scenarios through its BCP planning programme 		
<ul style="list-style-type: none"> • Significant Employers and Critical Sectors 	<ul style="list-style-type: none"> • PROBABLE: Employers struggling to find critical skills and supplies of raw materials • POSSIBLE: Employers feeling overwhelmed by all the 	<ul style="list-style-type: none"> • PROBABLE: Some sectors such as construction, aged care, education, and the health sector etc. will experience significant ongoing shortages of skilled people to the point that economic recovery and coping with COVID could be jeopardised. 	<ul style="list-style-type: none"> • RECOMMENDATION 9: The Regional Business Recovery Working Group identifies critical labour and supply issues and work with the business community and government to try and address them or at least plan for them prior to COVID resurgence 		

Economic Environment					
Sub-category	Impacts	Consequences Actual/Probable/Possible ¹	Short-term Considerations (0 – 6 months)	Intermediate-term Considerations (6 – 18 months)	Long-term Considerations (18 + months)
	uncertainty and are reluctant to invest, hire staff or continue to operate.	These sectors may need coordinated support and interventions by Central Government to open special visa opportunities if workforce needs cannot be met within New Zealand. • POSSIBLE: Many small to medium business particularly in the retail, hospitality, education and tourism sectors will be under further financial pressure resulting in potential business failure or further reductions in staffing. These industries may need significant govt support if they are to survive.			
• People Capital	• ACTUAL: Employers & employees suffering mental health issues and have less capacity to cope due to the ongoing strain of living with COVID.	• ACTUAL: Workplaces need to take account for the fact that many of their staff are mentally less resilient. • PROBABLE: Loss of productivity due to COVID impacts on the physical and mental health of staff and their families. • POTENTIAL: A lot of staff with young children unavailable or refusing to work because of the threat to unvaccinated children under 12.	• RECOMMENDATION 10: An active programme of monitoring employer and employee mental health needs to be developed. Need to consider how staff can be supported with sick family members or even death due to COVID. Council and WREMO need to confirm business expectations with staff and discuss vulnerabilities/concerns at home that could mean expectations don't align - especially response staff in the ECC and EOC.		• CONSIDERATION: Rising living costs, in particular household affordability, could result younger people or those renting moving out of the area or overseas once COVID restrictions end for higher wages or lower costs of living elsewhere. We need to plan how, as a region, we will counter this and encourage local and external talent to stay and make a living in the region.
	• ACTUAL: A significant number of employees wanting to continue working from home or fearful of face-to-face contact with the public.	• ACTUAL: Ongoing challenge of managing work teams where some staff want to continue to work from home and others wanting to work from the office. • PROBABLE: Difficulty retaining or hiring staff in customer facing roles during COVID.	• RECOMMENDATION 11: Consult with staff and develop policies and training to support a more flexible long term work environment • RECOMMENDATION 12: The Group needs to invest in infrastructure, hygiene practices and embed H&S standards to support staff in customer facing roles ○ CONSIDERATION: Will vaccination be a requirement for hiring of new staff?		
	• ACTUAL: Employees refusing to get vaccinated and other staff/customers not wanting to interact with them.	• PROBABLE: Tension between those staff that are vaccinated and those that remain unvaccinated, and the required health and safety considerations to manage this. • POSSIBLE: Some customer service roles could become more difficult to recruit.	• RECOMMENDATION 13: Seek central govt guidance on managing unvaccinated staff and appropriate health & safety protocols ○ CONSIDERATION: Regardless of any central government advice Councils and business need to think very carefully about how they will apply any H & S rules around unvaccinated staff and members of the public and ensure good consultation and messaging with staff and the public.		
	• PROBABLE: Staff becoming sick or having family members sick with COVID and needing a significant time off work to recover or support their family members. • PROBABLE: Staff coming into contact with COVID cases and needing to be stood down impacting service capacity.	• PROBABLE: Staff availability rates drop. Severe restrictions to service capacity impacting performance and productivity.	• RECOMMENDATION 14: Individual members of the Group review their sick leave and BCP plans for loss of critical staff.		

Social Environment					
Sub-category	Impacts	Consequences Actual/Probable/Possible ²	Short-term Considerations (0 – 6 months)	Intermediate-term Considerations (6 – 18 months)	Long-term Considerations (18 + months)
• Household Services and Support	<ul style="list-style-type: none"> • ACTUAL: Vulnerable people will continue to need ongoing support (e.g. food and housing support, reassurance, medical supplies, information, companionship) and a COVID resurgence will only further exacerbate this need. • PROBABLE: COVID resurgence will further stimulate rising living costs, particularly housing & food pushing even more people into the vulnerable category needing govt or community support. 	<ul style="list-style-type: none"> • ACTUAL: Rising ongoing demand for welfare support particularly as a result of rising living costs and mental health issues. • POSSIBLE: New and growing welfare needs not being identified in a timely and accurate way • POSSIBLE: Welfare agencies overwhelmed or needing to more effectively coordinate their activities to maximise their resource and deliver efficient services. 	<ul style="list-style-type: none"> • RECOMMENDATION 15: The CDEM Group registers and train as many of its staff on Āwhina so there is sufficient surge capacity to support welfare needs assessment during the initial phase of living with COVID. <ul style="list-style-type: none"> ◦ RECOMMENDATION 15A: WREMO take a more active role in testing and collating critique from Group users on Āwhina so the platform is clear of bugs, fit for purpose and contributes to effective coordination of welfare services. • RECOMMENDATION 16: Council's support and advocate for more community based mental health and counselling services and ensure sufficient surge capacity is developed in preparation for a COVID resurgence. • RECOMMENDATION 17: WREMO and Council Community Development Teams investigate if any unique needs or modifications need to be made to the engagement approach with the following vulnerable population groups before the COVID elimination strategy is replaced: <ul style="list-style-type: none"> ◦ Children and youth ◦ Senior citizens ◦ Homeless ◦ Low-income ◦ Women ◦ Maori ◦ Special needs and disability services ◦ Ethnic minorities. • RECOMMENDATION 18: Monitor inflation and the social/economic impact of rising costs on Wellington's communities by running quarterly surveys such as WREMO's Community Sentiment Survey, and use this evidence base to advocate for ongoing support to community food providers by central government. 		
	<ul style="list-style-type: none"> • ACTUAL: Desire by volunteer community groups to continue to provide assistance despite this potentially putting the health of all parties at risk. 	<ul style="list-style-type: none"> • PROBABLE: Volunteer groups duplicating official efforts and further spreading the virus. 	<ul style="list-style-type: none"> • RECOMMENDATION 19: The Group reviews and adopts WREMO's volunteer guidelines to manage communications with volunteer groups. 		
• Health, Disability, and Wellbeing	<ul style="list-style-type: none"> • PROBABLE: Formal and informal social support networks will be further disrupted to some degree. • PROBABLE: Living with COVID will further degrade the physical and mental health of the community. • POSSIBLE: Potential for vulnerable populations to be harder to engage with and more withdrawn. 	<ul style="list-style-type: none"> • PROBABLE: Shortages of trained community support service staff and volunteers. • POSSIBLE: Mental health disorders may develop during and post the pandemic and play out over significant time periods, particularly in pre-disposed populations. • POSSIBLE: Persons receiving sustained or institutional medical care before the emergency will continue to require treatment but there could be serious backlogs in waiting list. 	<ul style="list-style-type: none"> • RECOMMENDATION 20: Identify and collect infometrics to monitor community health & wellbeing priorities. • CONSIDERATION: Share health & wellbeing infometric with relevant agencies and encourage interventions according to their respective mandates, skills and capacity. • RECOMMENDATION 21: Throughout recent COVID outbreaks Councils have still been left coordinating/supporting a lot of welfare delivery. 	<ul style="list-style-type: none"> • CONSIDERATION: Prioritise mental health and wellbeing in recovery communications. • CONSIDERATION: Engage with culturally and linguistically diverse communities to ensure that they have access to support and services that are appropriate to their needs, recognising that traditional channels for communication and engagement may not be suitable. 	

² Actual – being experienced now. Probable – not currently being experienced but highly likely to occur. Possible – not currently being experienced but there is potential for it to occur.

Social Environment					
Sub-category	Impacts	Consequences Actual/Probable/Possible ²	Short-term Considerations (0 – 6 months)	Intermediate-term Considerations (6 – 18 months)	Long-term Considerations (18 + months)
	<ul style="list-style-type: none"> • PROBABLE: Greater demand on community services and welfare navigator services – many councils won't have capacity for this or staff unwilling to carry out this role. • PROBABLE: Regardless of high vaccination rates a COVID resurgence that takes hold in the region will place enormous pressure on health services and result in a deaths. 	<ul style="list-style-type: none"> • PROBABLE: Other non-COVID chronic illnesses may increase due to stress, backlogs in the health system or people putting off seeing their health practitioner. • POSSIBLE: Health resources, including human resources, will likely be overwhelmed and require central government or other external support for sustained lengths of time. Healthcare resources and staff are likely to be severely affected, particularly in urban areas with a high case load of affected people. • POSSIBLE: Other emergency responders also likely to be impacted over time (such as Police, CDEM staff etc), care toward their wellbeing should be an operational priority. • POSSIBLE: Increased flouting of COVID restriction rules the longer restrictions go on for – potential need to loosen some restrictions in order to support mental wellbeing which could then result in the faster spread of the disease. 	<p>through local NGO's and volunteer agencies. The CDEM Group, should map and identify community & NGO health services, determine their capacity, limitations and look for ways to better support, coordinate and link their efforts with the official response. These organisations could struggle to maintain continuity of service in the early stages of living with COVID, particularly with the loss of key front line staff and a higher level of demand.</p> <ul style="list-style-type: none"> • CONSIDERATION: The CDEM Group develops a joint engagement plan to support and provide information to help people understand the importance of looking after their mental health and what they can do to maintain their wellbeing while living with COVID. Be aware of the rising feelings of despondency and 'languishing' of youth and young people not only from COVID but also the compounding impacts of job insecurity, pauses in education delivery, rising cost of living, unaffordability of housing and family stress. These supplementary impacts could impact an entire generation of young New Zealanders and a plan should be developed with other relevant agencies to counteract it. <ul style="list-style-type: none"> ○ RECOMMENDATION 21: WREMO develops a 'Decision Making under Pressure' workshop to help build community resilience. ○ RECOMMENDATION 22: Councils expand or better advertise their community grants criteria so it is known that community programmes that support mental health outcomes can be funded. • RECOMMENDATION 23: The Group continues to monitor staff wellbeing (particularly those staff in customer facing roles) and provides flexibility to enable them to look after themselves and their family's now and during a resurgence, and clear guidance is provided on stand-down criteria when staff are exposed to COVID. • RECOMMENDATION 24: The Group continues to support ways that promote and enable ongoing vaccination of their communities. For example, HCC is hosting vaccination centres at all future council run events and in community facilities. • RECOMMENDATION 25: The Group should prepare staff in customer facing roles for an increase in demand, update and continually revise FAQ sheets to direct needs/ inquiries to the appropriate support service or information source, provide updated training in dealing with difficult people and ensure adequate provision of PPE and other health and hygiene measure to protect them from cross contamination. 	<ul style="list-style-type: none"> • CONSIDERATION: Understand and support positive health outcomes for high-risk jobs and industries, particularly those which are struggling to keep up with post-event demands for their services (e.g. health and supermarket workers in particular). • CONSIDERATION: WREMO should work with MOE to encourage schools to invest more time in mental health education for youth and children. For example, tools to manage stress (e.g. mindfulness classes, meditation exercises, Cognitive Behaviour Techniques, and breathing exercises etc.). • CONSIDERATION: WREMO CR Team in collaboration with MOE could change its train the trainer approach to school delivery and instead target school children directly with a greater emphasis on both physical and mental preparedness and an introduction to some of the stress management tools mentioned above. 	
	<ul style="list-style-type: none"> • PROBABLE: The COVID Delta strain (and the fear of a renewed resurgence or a new mutation) will continue to be of concern to the 	<ul style="list-style-type: none"> • PROBABLE: Alert levels 1 and 2 (whilst vaccination rates remain low) are likely to have more restrictions than in the past, with mandatory mask wearing on public transport and in confined 	<ul style="list-style-type: none"> • CONSIDERATION: Service providers (such as Councils and businesses) will need to give greater consideration to raised expectations from staff and customers over ongoing COVID hygiene practises. 		

Social Environment					
Sub-category	Impacts	Consequences Actual/Probable/Possible ²	Short-term Considerations (0 – 6 months)	Intermediate-term Considerations (6 – 18 months)	Long-term Considerations (18 + months)
	government and community and may result in medium-to-long term changed behaviour and hygiene expectations in confined public spaces.	spaces required even under Alert level 1 potentially. <ul style="list-style-type: none"> • PROBABLE: Even with high vaccination rates the COVID pandemic may result in some permanently changed behaviour, and an expectation from some members of the public for service providers to be considerate of their needs for ongoing safe distancing, hygiene and mask wearing. Additionally, some staff with customer facing roles may insist on higher levels of protection before dealing with the public or will want to continue to work from home. • POSSIBLE: The ongoing fear of COVID may result in decreased levels of social connectedness and a fear of being in close proximity to large groups of unfamiliar people – service providers may need to adjust their engagement practices and consider ways to boost resilience and social connectedness. 	Consideration may need to be given about permanent provision of masks for staff, hand sanitiser stations, separation screens, safe distancing practices, and more permanent HR policies over staff self-isolating or taking sick leave while getting COVID tested. Councils also need to give greater consideration to staff wanting to work from home for longer and how this might impact their business practices moving forward. <ul style="list-style-type: none"> • CONSIDERATION: Community engagement priorities may need to change with a greater focus given to building emotional resilience and connectivity. 		
	<ul style="list-style-type: none"> • PROBABLE: Despite high vaccination rates health service providers will still be put under enormous pressure and need support with resources, labour and needs assessments. 	<ul style="list-style-type: none"> • PROBABLE: The CDEM Group will be called upon to help source resources, provide support to testing and vaccination sites, help disseminate public information, cordon management and needs assessments. 	<ul style="list-style-type: none"> • RECOMMENDATION 26: The Group utilises the opportunity of the Emergency Services Coordinating Committee meetings over the next 6 months to test scenarios of living with COVID at a tactical level to highlight areas of vulnerability, clarify expectations and who will do what... • RECOMMENDATION 27: More Group staff receive training on Āwhina to reduce the need for just in time surge capacity training when the Group is under pressure. 		
<ul style="list-style-type: none"> • Public Safety and Civic Services 	<ul style="list-style-type: none"> • PROBABLE: Increased demand for welfare support, information on the pandemic, and ways to access services where physical access has been closed. • PROBABLE: Increase in public protest against lockdown restrictions – conflict between those wanting them to remain and those wanting them dropped. • PROBABLE: People under stress behave poorly to service providers. 	<ul style="list-style-type: none"> • PROBABLE: Increased demand for councils to represent their communities and act as a welfare navigator to support service provision and information. • POSSIBLE: Increased need to manage large demonstrations and conflict between competing interest groups. • PROBABLE: Increased demand placed on service providers. • POSSIBLE: Increased risk to service providers. • POSSIBLE: Potential for strikes amongst hard pressed sectors such as health and education. Potential for serious civil disobedience as more people protest against restrictions, inequality and the cost of living. 	<ul style="list-style-type: none"> • RECOMMENDATION 28: Ensure WREMO and Council staff are encouraged to take leave, rest and recuperate in preparation for a COVID resurgence sometime in the next 2 – 12 months. • RECOMMENDATION 29: Prepare WREMO & Council services for an increase in demand: <ul style="list-style-type: none"> ◦ update and continually revise FAQ sheets ◦ conduct Āwhina training ◦ conduct mental health awareness training ◦ conduct dealing with difficult customer training. • RECOMMENDATION 30: Councils should offer similar preparatory support to NGO's and community service providers in the form of: <ul style="list-style-type: none"> ◦ Āwhina training (if appropriate) ◦ Mental health training ◦ Dealing with difficult customer training. • CONSIDERATION: Consider hiring door security at main council service desk sites to assist with any COVID compliance requirements and poor behaviour from customers. • CONSIDERATION: CDEM needs to plan for strike actions amongst critical sectors such as health and civil disobedience. 	<ul style="list-style-type: none"> • CONSIDERATION: Re-assess and review how changed conditions have impacted service delivery and identify ways to adapt. • CONSIDERATION: Utilise and coordinate a wider range of volunteers, and enable them to take on more complex roles with confidence and support (e.g. Āwhina). • RECOMMENDATION 32: Ensure continued monitoring and assessment of identified and potential public health and workplace safety threats. • RECOMMENDATION 32: Communicate how to access emergent funding sources from NGOs and funding streams created by central government. 	

Built Environment					
Sub-category	Impacts	Consequences Actual/Probable/Possible ³	Short-term Considerations (0 – 6 months)	Intermediate-term Considerations (6 – 18 months)	Long-term Considerations (18 + months)
• Utilities	<ul style="list-style-type: none"> • POSSIBLE: Potential loss of critical staff due to COVID and reduced capacity to service utility networks. 	<ul style="list-style-type: none"> • POSSIBLE: A severe pandemic outbreak poses an additional threat to public health from a break down in utility services due to a lack of key staff or supply chain failures – lack of clean drinking water (potentially leading to local boil water notices), impact on food supplies, inability to cook, wash, refrigerate food, stay warm, or deal with waste effectively. Potential for disease. 	<ul style="list-style-type: none"> • CONSIDERATION: Encourage utility providers to vaccinate all critical staff and have updated BCP Plans. 		
	<ul style="list-style-type: none"> • POSSIBLE: Increased domestic demand for gas, power, cellular, and internet due to virtual 'work from home' situation becoming a long-term solution for many. • PROBABLE: Increased demand for faster and extended internet connectivity. 	<ul style="list-style-type: none"> • POSSIBLE: Demand for cellular and internet communications likely to be higher than normal from areas outside of main centres. A failure to meet this demand could delay the economic and social recovery, and the countries resilience to managing future COVID outbreaks. 	<ul style="list-style-type: none"> • RECOMMENDATION 33: Councils and businesses need to consider how they are going to manage staff working from home long term. For example: <ul style="list-style-type: none"> • Managing staff with poor cellular or internet connectivity • IT support & maintaining electronic security • Staff wanting to claim back power and internet costs associated with doing work from home. 		
	<ul style="list-style-type: none"> • ACTUAL: Disrupted international and domestic supply chains from ongoing outbreaks in New Zealand and in the economies of our trading partners. 	<ul style="list-style-type: none"> • POSSIBLE: These ongoing supply chain challenges could start to impact utility providers – particularly critical supplies and skilled staff. • POSSIBLE: The flow on effect of ongoing supply chain challenges could result in service delays, postponement of utility upgrade projects, reduced BAU capacity and resilience to restoring the network after natural disasters. It could also result in rising costs as a result of competing for skilled staff and resources, which will then flow on to consumers. 	<ul style="list-style-type: none"> • CONSIDERATION: Encourage utility providers to identify critical staff and resources and develop contingency plans. • RECOMMENDATION 34: Council's review and update their own BCP plans with regard water supply and the wastewater network. • RECOMMENDATION 35: The Group raises awareness of potential supply chain risks to local business through WREMO's BCP workshops and other engagement methods. 	<ul style="list-style-type: none"> • CONSIDERATION: Council review and re-prioritise infrastructure upgrades for the potential of supply chain delays. 	
	<ul style="list-style-type: none"> • POSSIBLE: Communication services will be strained if pandemic escalates – cellular & internet communication increasingly being relied upon to stay connected, conduct business and social activities. 	<ul style="list-style-type: none"> • POSSIBLE: Delay in economic and social recovery if utilities are unable to meet demand or are overloaded. 			
• Buildings	<ul style="list-style-type: none"> • PROBABLE: Increased demand for self-isolation facilities in each TA. More people will need assistance to self-isolate if they can't self-isolate in their own home. This will result in more people needing alternative accommodation to self-isolate from family and friends (particularly for staff in hospitals and customer facing roles) with 	<ul style="list-style-type: none"> • PROBABLE: Lack of self-isolation facilities increases the spread of COVID or disruption to day-to-day activities within households and prolongs the severity and impact of the event. • PROBABLE: Increased demand for cleaning services to deep clean rising number of self-isolation facilities being used. 	<ul style="list-style-type: none"> • RECOMMENDATION 36: Assess each TA's capacity to provide self-isolation facilities for those who can't self-isolate at home. 		

³ Actual – being experienced now. Probable – not currently being experienced but highly likely to occur. Possible – not currently being experienced but there is potential for it to occur.

Built Environment					
Sub-category	Impacts	Consequences Actual/Probable/Possible ³	Short-term Considerations (0 – 6 months)	Intermediate-term Considerations (6 – 18 months)	Long-term Considerations (18 + months)
	health compromised family members. • POSSIBLE: Increased demand for MOH (with support from Councils) to assess facilities to determine if they are fit for purpose for self or managed isolation.				
	<ul style="list-style-type: none"> • PROBABLE: Further delays to regional building programme, specifically commercial and housing stock due to ongoing COVID outbreaks or restrictions internationally and in New Zealand. • PROBABLE: COVID further exacerbates housing affordability and availability. 	<ul style="list-style-type: none"> • PROBABLE: Ongoing COVID outbreaks or restrictions cause further delays in construction of new infrastructure projects, particularly commercial and private dwellings which further exacerbate the region's economic recovery and housing affordability/supply problems. • PROBABLE: Ongoing external and internal border restrictions & supply chain issues, rising shipping costs, rising labour costs, and loss of key staff in the supply chain further compound the cost and supply of critical materials for the construction sector. • PROBABLE: Rise in labour and construction costs place further pressure on house prices. • POSSIBLE: Increased competition from Australia and other regions for skilled workers impedes recovery. • POSSIBLE: Increasing frustration between the 'haves and have nots' in the housing market could result in social disorder and increased pressure on central and local governments to do something about it. • POSSIBLE: House prices and low wages make it increasingly difficult for New Zealand to attract or retain critical staff, particularly health and construction workers. 	<ul style="list-style-type: none"> • RECOMMENDATION 37: Work with local industry to identify supply chain issues and work with govt and industry to try and resolve them. • CONSIDERATION: Lobby central government to increase exemptions for importing critical skills from overseas. • RECOMMENDATION 38: Central and local government need to prioritise affordable housing solutions e.g.: <ul style="list-style-type: none"> ○ Increased infill housing ○ Factory built tiny homes ○ Affordable subsidised land packages ○ Re-zoning of land for apartments or town houses ○ Rents tied to inflation. 	<ul style="list-style-type: none"> • CONSIDERATION: Support and enable apprentice training schemes to boost the construction workforce. • CONSIDERATION: Investigate and invest in locally produced building materials. • CONSIDERATION: Re-zone land and increase urban density. 	<ul style="list-style-type: none"> • CONSIDERATION: Invest in factory-built housing • CONSIDERATION: New government schemes to support home affordability • CONSIDERATION: Improved legislation over the rental market
	• POSSIBLE: Requirement for increased cold storage and mortuary services once borders re-open and there is a resurgence of COVID in the community.	• POSSIBLE: Lack of cold storage facilities to cope with increased mortuary demand.	• RECOMMENDATION 39: Familiarise and test Police emergency plans to deal with an increased number of deaths resulting from COVID.		
	• POSSIBLE: A lot of underutilised office space as a result of more employees working from home.	<ul style="list-style-type: none"> • PROBABLE: Retail and hospitality sector further impacted by fewer office workers in urban centres – heightened risk of more business closures. • POSSIBLE: More opportunity to convert office space into apartments to help solve the housing crisis. • POSSIBLE: Changed long term behaviour and a shift away from urban centres to the suburbs. 	• CONSIDERATION: Monitor underutilisation rates of central city office space.	• CONSIDERATION: Explore office conversion to apartments.	
	<ul style="list-style-type: none"> • POSSIBLE: Increasingly under-utilised public facilities such as libraries, community centres and public halls due to COVID fears and/or ongoing COVID restrictions. • POSSIBLE: Ongoing restrictions or fear of being in other confined public spaces such as churches, 	<ul style="list-style-type: none"> • POSSIBLE: Underutilised public assets increasingly becoming uneconomic to maintain. Increasing cost on rates. • POSSIBLE: Changing long-term consumer behaviour (e.g. declining physical visits to libraries or increased online demand for click and collect ordering or virtual books). 		• CONSIDERATION: Monitor and review the economic viability of some public facilities and consider options for other uses.	

Built Environment					
Sub-category	Impacts	Consequences Actual/Probable/Possible ³	Short-term Considerations (0 – 6 months)	Intermediate-term Considerations (6 – 18 months)	Long-term Considerations (18 + months)
	shopping malls, gyms, cinemas and cafes puts pressure on these businesses long term viability or capacity to keep costs down. <ul style="list-style-type: none"> • PROBABLE: Ongoing cost associated with making these spaces safe for the public to use – hand sanitiser, more regular cleaning, screened-off seating areas etc. 	<ul style="list-style-type: none"> • PROBABLE: Increased pressure on service staff to clean and maintain these spaces, change bookings, oversee safe usage and deal with frustrated members of the public. • PROBABLE: Operational costs associated with spacing requirements, increased hygiene and cleaning result in rising costs for private businesses which are ultimately passed on to the consumer. 			
<ul style="list-style-type: none"> • Transportation: Roads, rail, air and sea transport- including both the infrastructure and the assets such as buses and ships. 	<ul style="list-style-type: none"> • PROBABLE: Renewed need to control the spread of virus along transport corridors and through port facilities. 	<ul style="list-style-type: none"> • POSSIBLE: Ongoing need to monitor transport routes to control the spread of the virus resulting in delays, frustration, and economic/social costs. • POSSIBLE: Further delays in the supply of raw materials for road construction. 		<ul style="list-style-type: none"> • CONSIDERATION: Identify improvements for managing inter-regional traffic and port facilities - such as introducing a vaccine passport for travel and the logistical requirements for implementing such a system in the region. 	
	<ul style="list-style-type: none"> • PROBABLE: Potential supply chain issues due to loss of key staff, lack of materials or delays caused by COVID restrictions. 	<ul style="list-style-type: none"> • PROBABLE: Further delays or cost increases to regional road building programme. 			
	<ul style="list-style-type: none"> • PROBABLE: Public transport usage changes and has a detrimental impact on affordability and supply. 	<ul style="list-style-type: none"> • POSSIBLE: Changed work habits or a reluctance to use public transport (due to COVID) results in decreased demand, increasingly making some public transport services uneconomic. 	<ul style="list-style-type: none"> • CONSIDERATION: Identify public transport services most at risk of falling into the realm of being uneconomic under ongoing COVID restrictions and/or falling demand. Develop Contingency Plans. 		
		<ul style="list-style-type: none"> • POSSIBLE: Economic cost of safe distancing and mask wearing increases the unit cost of public transport, reduces consumer satisfaction rates and further shifts consumers back to private vehicles or working from home. 			

Natural Environment					
Sub-category	Impacts	Consequences Actual/Probable/Possible ⁴	Short-term Considerations (0 – 6 months)	Intermediate-term Considerations (6 – 18 months)	Long-term Considerations (18 + months)
<ul style="list-style-type: none"> • Hazards and Climate Change: Understanding how hazards may affect society, including how climate change increases the severity of some hazards over time. 	<ul style="list-style-type: none"> • POSSIBLE: Cancellation of environmental projects as volunteers, funding and other resources are diverted elsewhere to cope with rising costs associated with managing COVID. 	<ul style="list-style-type: none"> • POSSIBLE: Delays or cancellation of important environmental projects to combat climate change. 			
<ul style="list-style-type: none"> • Parks, Greenspaces, and Waterways: Open spaces, including parks, beaches and marine areas, and how people interact with them. 	<ul style="list-style-type: none"> • POSSIBLE: Restricted access and closure of parks and reserves if pandemic spreads. • POSSIBLE: Park and reserve maintenance postponed due to costs associated with COVID. 	<ul style="list-style-type: none"> • POSSIBLE: Health and psychosocial impacts on communities if ongoing restrictions reduce opportunities to visit parks and reserves for recreation and social connection. • POSSIBLE: Degrading of open spaces. 	<ul style="list-style-type: none"> • RECOMMENDATION 40: Provide continued but controlled access to parks and open spaces for health and mental wellbeing. 		
<ul style="list-style-type: none"> • Land use and Planning: Planning includes elements of where and what we build- or don't build- and how we make informed and equitable decisions. This Component is used in the Built Environment as well, recognising that both relate to how we build- or conserve- physical spaces. 	<ul style="list-style-type: none"> • POSSIBLE: Pressure on Councils to provide more affordable housing quickly overrides natural environment considerations. • POSSIBLE: Increased demand for land for burying the deceased from COVID. • POSSIBLE: Increasing waste resulting from COVID testing and vaccination programme. 	<ul style="list-style-type: none"> • POSSIBLE: Degradation of the natural environment and poor land use planning outcomes for communities over the longer term. 	<ul style="list-style-type: none"> • CONSIDERATION: Work with MOH to manage safe disposal of hazardous waste resulting from COVID testing/vaccination programme, hospital care and MIQ facilities. • CONSIDERATION: Work with MOH to manage health and the spread of disease by controlling and providing public advice on sanitation and offering adequate burial facilities to cope with rising demand. • RECOMMENDATION 41: Monitor and evaluate hazardous waste disposal to minimise any environmental damage and ensure non-compliance is not occurring. 		
<ul style="list-style-type: none"> • Conservation and Biosecurity: How we protect ecosystems from damaging pests and diseases, or over usage of natural resources. This includes the relationship of how people rely on the natural environment for livelihoods, such as agriculture, and how that relates to ecosystem health. 	<ul style="list-style-type: none"> • POSSIBLE: The economic stress of coping with COVID could result in illegal poaching activities to increase and overuse of natural resources. 	<ul style="list-style-type: none"> • POSSIBLE: Over exploitation for natural food sources such as fish and shellfish, illegal native forest felling, stealing of livestock. 	<ul style="list-style-type: none"> • RECOMMENDATION 42: Continue to conduct needs assessments and food support programmes. • RECOMMENDATION 43: Monitor natural resources and enforce compliance. 		

⁴ Actual – being experienced now. Probable – not currently being experienced but highly likely to occur. Possible – not currently being experienced but there is potential for it to occur.

Cultural Environment					
Sub-category	Impacts	Consequences Actual/Probable/Possible ⁵	Short-term Considerations (0 – 6 months)	Intermediate-term Considerations (6 – 18 months)	Long-term Considerations (18 + months)
<ul style="list-style-type: none"> • Heritage Places and Spaces: Official heritage sites buildings, as well as the places and spaces where people and communities congregate to celebrate and remember. • Media, Arts and Creative Industries: Performance and physical mediums, and all the programs that support them • Galleries, Libraries, Archives and Museums: Places and organisations responsible for collections, and their curation and display. Many of these spaces also have other programs for education and making cultural resources accessible. • Communities of affiliation and practice: Faith-based organisations, support for other volunteer networks, and other community organisations. • Sports, Recreation, and Leisure: Teams, clubs and other organisations that support forms of sport, physical activity, and other forms of leisure. 	<ul style="list-style-type: none"> • POSSIBLE: Social, physical, and mental wellbeing are linked to a healthy cultural environment, without them community mental and physical health will decline. Further closure or restricted access to public art installations, theatres, churches, museums, sports facilities, historic and heritage buildings, and other major culturally related critical facilities could contribute to poor physical and mental health outcomes. 	<ul style="list-style-type: none"> • POSSIBLE: Cultural recovery may be under-emphasised in formal activities and decision-making without explicitly guidance and championing. • POSSIBLE: Closure of facilities or restrictions due to social distancing or public fear of disease being spread will result in a significant drop off in cultural and leisure activity – the physical and mental health of the community may decline. Without support these events may fail to return long term. • POSSIBLE: Lowered fitness levels and implications that this might have for all those who regularly exercise or for high performing sports people in the region – could have mental health implications. 	<ul style="list-style-type: none"> • CONSIDERATION: Conduct needs assessments to identify necessary services and resources for major historical, arts and entertainment organisations to resume temporary or permanent cultural services. • CONSIDERATION: Inventory and communicate potential resources and programs to support historical, arts and entertainment organisations, as well as promote emergent cultural groups. • CONSIDERATION: Ensure means are taken to protect taonga and the values of cultural groups by cross-checking legislation and recovery processes. • CONSIDERATION: Provide advice on safe disease control practices so that culture and sports event activities can proceed in a safe way. 	<ul style="list-style-type: none"> • CONSIDERATION: Foster initiatives to promote events, shared spaces, gatherings and engagement that addresses mental health concerns, community and individual wellbeing, and opportunities to share recovery impacts. 	<ul style="list-style-type: none"> • CONSIDERATION: Assist organisation in promoting cultural activities to attract residents and stimulate community capacity building. • CONSIDERATION: Establish sources of funding support to ensure that arts organisations, museums, major sports teams, and other culturally important organisations are able to survive and thrive in the years after a major emergency.

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