

Report No.	20-132
Decision Required	

CLIMATE CHANGE: ORGANISATIONAL EMISSIONS

1. PURPOSE

- 1.1. At the request of Council this report provides advice on organisational **greenhouse gas (GHG)** emissions reduction targets and on work required to quantify associated costs. Members have sought advice on timing and costs of an organisational emissions inventory and plan.
- 1.2. The paper identifies costs and options around progressing work this financial year (currently unbudgeted) or progressing work as part of its upcoming Long Term Plan subject to public consultation.

2. EXECUTIVE SUMMARY

- 2.1. With the passage of the Zero Carbon Act and changing public expectations, GHG emissions are increasingly a factor in long-term business planning. Many organisations, including councils, are responding by setting corporate emissions reduction targets.
- 2.2. Should Council wish to adopt targets for emissions associated with Horizons' activities, it may consider starting with an 'interim' target aligned to the Zero Carbon Act – a 30 percent reduction by 2030, for example. This would help guide corporate planning, including the **Long-Term Plan (LTP)**, and could be reviewed once emissions reduction options (and associated costs) had been established.
- 2.3. The cost of achieving targets will depend in part on our organisation's current emissions profile. Completing a corporate emissions inventory and reduction plan would establish a baseline, identify abatement options, and allow costs to be quantified. This project would require up to \$80,000 and an investment of staff time – currently unbudgeted. Were resource to be made available this financial year, targets could be reviewed and measures to reduce Horizons' emissions integrated into the LTP before it is adopted in May/June 2021.
- 2.4. The elements described above – targets, inventories, reduction plans, and operational and policy changes to reduce emissions – together form an organisational GHG reduction strategy. Should resource not be available to begin this work this financial year, Council may wish to include development of such a strategy in year 1 of the LTP, with provision for its implementation in subsequent years.

3. RECOMMENDATION

It is recommended that Council:

- a. receives the information contained in Report No. 20-132.
- b. notes that a reduction in emissions of 30 percent by 2030 broadly aligns with the national target of carbon neutrality by 2050.
- c. notes that further information is required on our current emissions, and options to reduce emissions, in order to quantify costs associated with any target adopted.
- d. notes that action to reduce organisational greenhouse gas emissions would benefit from a strategy and investment through the Long-term Plan.
- e. adopts a reduction in greenhouse gas emissions associated with Horizons' activities of 30 percent by 2030 as an interim target.
- f. agrees to:
 - i. commit up to \$80,000 of unbudgeted expenditure this financial year to better inform long-term planning.

OR

- ii. consider the funding for an organisational emissions inventory and reduction plan as part of the Long-term Plan process.

4. FINANCIAL IMPACT

- 4.1. Funding is not currently allocated to work described in this report. The report presents Council with the option of committing unbudgeted expenditure this financial year of up to \$80,000 or consulting on proposed expenditure during its Long Term plan process.
- 4.2. Alternatively Council may wish to consider funding via the LTP process.

5. CLIMATE IMPACT

- 5.1. This report contributes directly to Horizons' climate change response, by providing advice on targets to reduce emissions associated with our operational activities.

6. COMMUNITY ENGAGEMENT

- 6.1. Climate change is an area of strong interest to many members of the community. Community engagement on other aspects of our climate change response is currently underway.
- 6.2. No public engagement has been conducted in producing this advice. Council may choose to consult on corporate targets through the LTP or other means.

7. SIGNIFICANT BUSINESS RISK IMPACT

- 7.1. Setting targets without first establishing current emissions levels or reduction pathways potentially exposes Horizons to unquantified costs. Should action to reduce emissions not be adequately integrated into the LTP, there would be a heightened risk that targets would not be met. Perceived failures of financial planning or operational delivery carry reputational risk to the organisation.
- 7.2. Conversely, a perceived failure to act decisively in setting targets could undermine Horizons' credibility with stakeholders. In the longer term, the absence of a plan to reduce

emissions from our operations may expose the organisation to greater costs, as opportunities to take the initiative are lost.

8. BACKGROUND

8.1. New Zealand's national framework for reducing GHG emissions, as part of a global effort to tackle climate change, is set through the Climate Change Response Act 2002. Amendments in 2019 (commonly referred to as the Zero Carbon Act) established national targets:

- Zero net emissions of all GHGs except biogenic methane (methane emissions from waste and agriculture) by 2050.
- Reduce emissions of biogenic methane to 24–47 percent below 2017 levels by 2050, including a 10 percent reduction by 2030.

8.2. The Act requires that the Minister for Climate Change set five-year emissions budgets to chart progress toward national targets. The first three of these (through to 2035) are to be gazetted by the end of 2021.

8.3. National reduction plans are to be published to meet emissions budgets. They are to include overarching strategies and sector-specific policies to reduce emissions, increase removals, and support the changes required. The first national reduction plan is also due to be produced by the end of 2021. In the interim, the form Government strategies and policies will take is not clear; the Act acknowledges that they will impact on employees and employers, regions, iwi and Māori, and wider communities. Even if Horizons sets no corporate emissions reduction targets of its own, regulatory and market changes will have an effect on our activities and associated costs.

9. ORGANISATIONAL TARGETS

9.1. At present, organisational emissions targets and reduction plans are not required in New Zealand. Many organisations, including local authorities, have nonetheless found it useful to set targets. Corporate targets demonstrate a commitment to action; they allow change to be planned for and proactive decisions made. A simple internet search shows that:

- Bay of Plenty Regional Council and Environment Canterbury are working towards GHG emissions reductions of 30 percent by 2030;
- Greater Wellington Regional Council has a target of becoming carbon neutral by 2030;
- Waikato Regional Council has a target of reducing corporate emissions by 45 percent by 2030, and becoming carbon neutral by 2050.

9.2. Like national targets, corporate targets can take the form of a date for carbon neutrality (e.g. 2050) and / or a rate of reduction by a given date (e.g. 30 percent by 2030). Using 2020 as a starting point, 30 percent by 2030 is roughly the rate required to achieve carbon neutrality by 2050.

9.3. Targets, budgets, and reduction plans could be set to align with LTP cycles. In many cases, emissions reductions are linked to energy efficiency and cost savings; over time, new technologies are likely emerge that are not available (or not affordable) today. Nonetheless, we should expect that reducing our carbon footprint will require investment. How much will depend on the distance between our targets and our starting point.

10. ORGANISATIONAL EMISSIONS INVENTORY

10.1. Over the past few years, Horizons has made incremental improvements that we believe have improved the carbon efficiency of our operations. We also contribute significantly to

tree planting across the region and, consequently, carbon sequestration. We do not know how those reductions and removals compare to our total emissions.

- 10.2. An emissions inventory would give us a baseline of the GHG emissions our activities generate. It would identify emissions-intensive parts of our operation and clarify the extent to which corporate emissions are offset by removals (e.g. our contribution to tree planting). This would help to quantify the scale of the task before us.
- 10.3. Corporate inventories cover both 'direct' and 'indirect' emissions arising from an organisation's activities – fuel and energy use, business travel and waste, as well as offsets from forestry. Following these established methodologies ensures transparency, rigour, and public confidence. Internationally recognised standards include ISO14064-1:2018 and the GHG Protocol Corporate Standard. An overview is provided in Ministry for the Environment guidance here:

<https://www.mfe.govt.nz/publications/climate-change/measuring-emissions-guide-organisations-2019-detailed-guide>

11. EMISSIONS REDUCTIONS

- 11.1. Some reductions will be driven by regulatory or market mechanisms (e.g. electricity pricing); others (like procurement policies) would require conscious choices. Some reductions impose additional business costs (e.g. adoption of more expensive technologies); others may result in cost-savings through improved energy efficiency or innovative practices. To date, Horizons has taken an ad hoc approach, considering individual initiatives to reduce emissions on their merits as they present themselves.
- 11.2. In order to move toward emissions targets, many organisations develop emissions reduction plans. These allow actions to be costed, agreed, and put into practice. Inventories are typically updated on a regular basis to track progress.
- 11.3. The relationship between targets, the inventory, reduction plans, and action is illustrated in Figure 1 below.

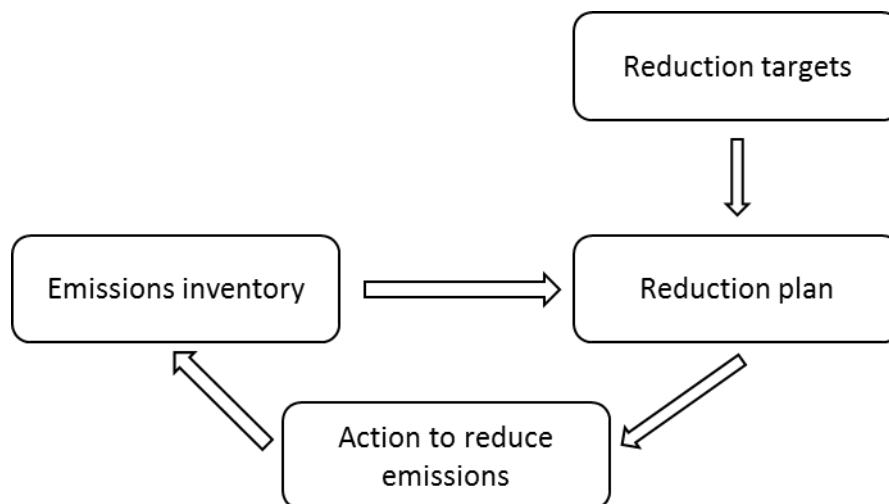


Figure 1: Elements of an emissions reduction strategy

12. 'CARBONMARK' CERTIFICATION

- 12.1. Independent certification is available through the Toitū carbon reduce / carbon zero scheme (formerly known as CEMARS). Certification is not essential, but provides a greater level of public assurance through annual audit and review. Some councils have committed to the certification scheme; others report periodically without pursuing formal certification. Council may wish to consider certification over the course of the LTP.

13. RESOURCE REQUIREMENTS

- 13.1. Indicatively, completion of a corporate emissions inventory and reduction plan may cost up to \$80,000. In addition to expert contractor support to produce the inventory and advice on emissions reduction options, we would likely engage fixed-term staff to compile data (fuel and energy use, travel, waste, etc) from the various sources and systems where it is held. This would keep the commitment of staff time to a manageable level, to provide guidance and oversee the process.
- 13.2. Resource requirements would reduce significantly for subsequent inventories. Data compilation becomes more efficient once processes are in place, and many organisations update their inventories without contractor involvement.
- 13.3. The above figures do not include costs of actions to reduce emissions over time. Changes to our procurement policies, corporate practices, etc, would need to be factored into longer-term business planning.

14. OPTIONS

- 14.1. Horizons’ draft Climate Action Strategy includes an objective of supporting the transition to a carbon-neutral regional economy by 2050. Members could choose to set an ‘interim’ organisational target to match that trajectory – 30 percent by 2030, for example. Since this reflects the change required of the country as a whole, there would be relatively little risk in committing to that pathway. Work to quantify current emissions and begin to make reductions could be funded through the forthcoming LTP.
- 14.2. Alternatively, Members may consider that Horizons should aim to do more than meet the national average. More ambitious reduction targets would likely mean a greater commitment of resource. Members may wish to receive advice on current emissions and options to reduce them before committing to specific targets. The option also exists to consult on targets through the LTP.
- 14.3. A third option, perhaps also including public consultation, would be to develop an organisational emissions strategy in FY2021/22. This would allow resource to be allocated to complete an inventory, develop a reductions plan, provide advice on organisational emissions reduction targets, and make associated changes to corporate policies and procedures.
- 14.4. These approaches are outlined in the Table 1 below. Variations are possible – in particular, Members may wish to combine ‘interim’ targets with further work this financial year to inform ‘firm’ targets and long-term planning.

Approach	Target setting	Inventory & reduction pathways	Action to reduce emissions
Match national targets	Possible now	Unbudgeted expenditure FY20/21	Fund through LTP
More ambitious targets	Consider consultation through LTP	Unbudgeted expenditure FY20/21	Fund through LTP
Targets contained in emissions strategy	Consider once more information is available	Fund through LTP	Fund through LTP

Table 1: Options for target setting

15. CONSULTATION

- 15.1. This advice has been developed internally by staff from the Corporate and Strategy groups.
- 15.2. It is also informed by information from potential consulting service providers, and discussion with staff at other councils.

16. NEXT STEPS

- 16.1. Council may wish to commission a one-off corporate GHG inventory and advice on options to reduce our emissions. This would provide a baseline to inform targets. Subject to Council's approval of unbudgeted expenditure, this work could be commissioned within the next few weeks.
- 16.2. Realistically it would take a number of months to compile the data for a corporate inventory. This is partly due to limited staff capacity, and partly reflects the inevitable delays in locating and accessing data for the first time. Reduction options can only be properly explored once the inventory has been produced. Further advice would likely not be available to Council before February 2021.

17. SIGNIFICANCE

- 17.1. This is not a significant decision according to the Council's Policy on Significance and Engagement.

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ANNEXES

There are no attachments for this report.