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Committee Secretariat
Environment Committee
Parliament Buildings
Wellington 6143

en@parliament.govt.nz

Dear Sir/Madam

Submission on the “Emissions Reduction Plan” 2022

Thank you for the opportunity to make a submission on the “Te Hau mārohi ki anamata Towards a productive, sustainable and inclusive economy—Aotearoa New Zealand’s First Emissions Reduction Plan (May 2022).”

Please find the West Coast Regional Council’s (WCRC) submission attached.

We welcome the opportunity to respond to this consultation.

Poutini Ngai Tahu were asked if they wanted to have input into this submission.

West Coast Regional Council’s submission has focussed on responding to some of the matters for which the Environment Committee have a particular interest. These are in relation to a just transition for West Coast people and communities to adapt to a low carbon future and providing economic incentives to private landowners on the West Coast to maintain wetlands, Significant Natural Areas (SNAs), and non-significant native forests on their land as carbon sinks.

Our contact details for service are:

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We would be grateful for acknowledgement of receipt of our submission.

Yours faithfully

A handwritten signature in black ink, appearing to read 'H Mabin', followed by a long horizontal line extending to the right.

Heather Mabin
Chief Executive Officer

List of Recommendations

Recommendation 1

That the research, science and innovation (RSI) funding referred to in the Government's "Te Ara Paerangi Future Pathways Green Paper 2021" be allocated to the West Coast region to address the transition of the West Coast (and potentially in other regions) to a low carbon economy and to recognise the significant contribution the Region's forest cover makes to New Zealand's Greenhouse Gas inventory :

- a) Feasibility/viability/practicality of biomass and hydrogen as alternative fuels for the West Coast.
- b) Investigate smaller bio-fuel refinery options for the West Coast as a pilot project and alternative sources of biofuel. For example, establishing a plant adjacent to Westland Milk Products to take wood waste from nearby forestry areas to fuel the milk tanker fleet.
- c) Identifying suitable and available areas on the West Coast to grow energy crops, or alternative biomass harvesting options such as windblow timber and understory harvesting. This could be in conjunction with forestry land. It is estimated that 50,000ha of land is required. Investigate if any stewardship land would be suitable for this purpose.
- d) Investigate the viability of small-scale 'run of the river' hydro electricity generation schemes on public conservation land and elsewhere, for micro and small-scale hydro electricity generation for self-sufficient local supply and potential sale outside the region. The West Coast has an abundant water supply and slope resources required for these low-impact and low footprint activities.
- e) Providing incentives for indigenous forest on private land to be used to offset farm emissions. Currently the only economic incentives are to clear the indigenous forest and plant pines.
- f) A fairer accounting system for greenhouse gas emissions and reductions. This includes those emitted from the transport sector.
- g) Using national parks as carbon sinks.
- h) Developing regional emissions accounting systems.

Recommendation 2

Statements in the ERP about local government implementing the ERP must be amended to include qualifiers such as "where practicable".

Recommendation 3

- a) That greater provision is made in the Emissions Reduction Plan for increasing the natural removal of emissions via sinks, as part of achieving the net-zero goal and economic support given to Communities that support these sinks;
- b) Amend Action 4.2, 4th bullet point (Pg 90), or add a new action, to include: **“provide for economic incentives for private landowners to maintain areas with high biodiversity such as wetlands, Significant Natural Areas (SNAs) of native forest, and non-significant native forests as carbon sinks”**;
- c) The amended or new action should be added to the Action 4.1 priorities.

Recommendation 4

The ERP must address the unaffordable cost to small councils of methane capture from landfills, and the excessive penalty of ETS levies where the methane is not captured. This could include assistance in source separation of organic waste from Municipal Solid Waste, or assistance with an LFGC system that will not only collect present day methane but also legacy methane from capped cells.

Introduction

The West Coast Regional Council (WCRC or the Council) welcomes the opportunity to engage meaningfully in this process of finalising the Emissions Reduction Plan (ERP).

The Council submitted on the Draft ERP in November 2021, and some of Council’s comments on the Draft ERP are reiterated in this submission on the 2022 version of the ERP.

Poutini Ngai Tahu (PNT) were asked if they wanted to have input into this submission. PNT support the submission.

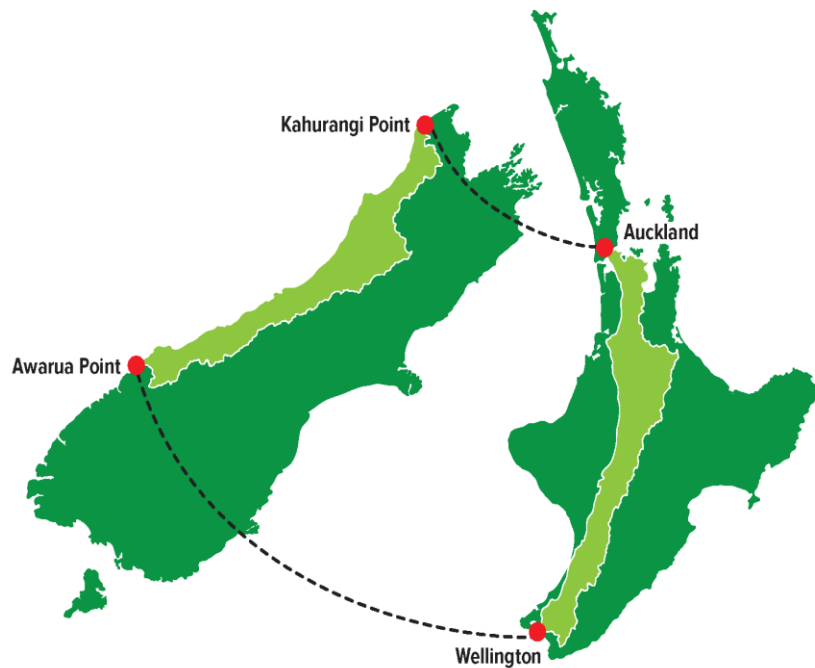
Due to time constraints, the Council’s submission does not comment on the emissions budgets, and many of the objectives and actions in the ERP. This submission focuses on responding to some of the matters that the Environment Committee are particularly interested in as listed on the Parliamentary website, except for the costs and benefit analysis of the ERP actions. This submission also focusses on the “Working with nature” and “Forestry” actions, in terms of ensuring a just transition for West Coast people and communities to adapt to a low-carbon future, and providing economic incentives to private landowners on the West Coast to recognise the significant contribution the Region makes to New Zealand’s

Greenhouse Gas inventory through maintenance of wetlands, Significant Natural Areas (SNAs), and non-significant native forests on their land as carbon sinks.

About the Submitter

The West Coast Regional Council (WCRC) is the local authority for a region covering a vast area with a sparse population. Extending from Kahurangi Point in the north to Awarua Point in the south, this is the approximate distance from Wellington to Auckland.

Map of New Zealand to highlight 600km length of West Coast Region compared to distance between Auckland and Wellington



The West Coast region stretches the equivalent distance of that between Auckland and Wellington

WCRC works closely with the regions' three territorial authorities (the Buller, Grey and Westland District Councils). Outside of the main towns of Westport, Greymouth, Reefton and Hokitika, the region's relatively low population of approximately 32,600 is spread across smaller settlements and rural communities. It is fundamental to our mandate as a Council that implementation of the Emissions

Reduction Plan (ERP) is beneficial to the social, economic, and cultural well-being of all West Coast communities and the natural environment.

Te Rūnanga o Ngāti Waewae and Te Rūnanga o Makaawhio (Poutini Ngāi Tahu – PNT) are mana whenua of Te Tai o Poutini (the West Coast). Our Mana Whakahono ā Rohe (Resource Management Act - Iwi Participation Arrangement) captures the intent of the Council and Poutini Ngāi Tahu to progress our relationship in accordance with the Treaty of Waitangi partnership between iwi and the Crown.

The Conservation Estate comprises 84.17% of the West Coast land area, with an additional 1.55% administered by Land Information New Zealand (LINZ). This leaves 14.28% of land available for private ownership. The land in the Conservation estate and Crown ownership is not rateable by local authorities. This land is an integral part of New Zealand’s carbon performance¹.

The West Coast covers 1.9 million ha of land managed by the DOC West Coast/Tai Poutini Conservancy, around 84 per cent of the region's total area. The LAWA website states: *“The West Coast’s land cover profile is characterised by: A predominance of forest cover (about two thirds of land area (64%)), of which most is indigenous forest.”*

Primary industries account for 23% of the Region’s economy. The West Coast is a region of minimal industrial greenhouse gas (GHG) emitters.

¹ New Zealand’s Greenhouse Gas Inventory 1990-2019. Volume 1, Chapters 1-15. Section 6.4

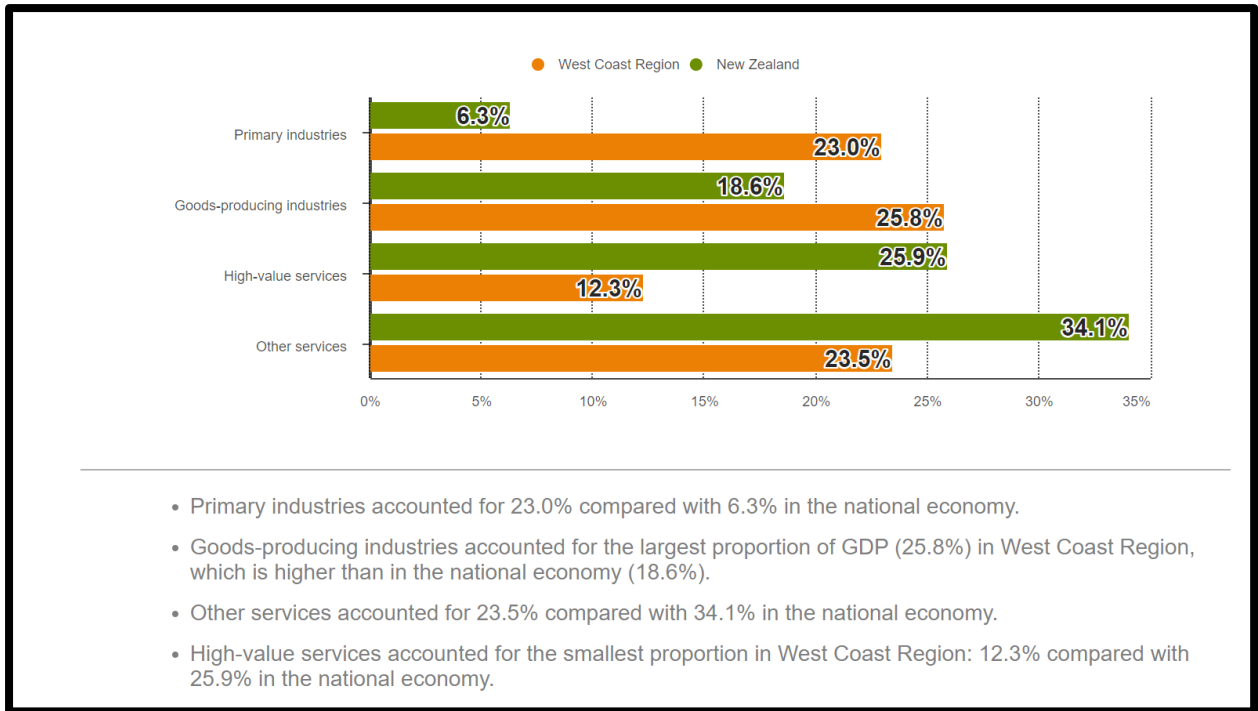


Figure 1 West Coast Annual Economic Profile 2021 Share of total GDP. Source: Infometrics

Responses to Environment Select Committee questions

Is the emissions budget for 2022-25 achievable, and if not, what additional actions or changes to the key actions in the Emissions Reduction Plan would make it more likely the budget was achieved? Please state reasons.

The West Coast Regional Council is seeking practical support to transition the West Coast Region to a low emissions future. For the Government to achieve the emissions budget for the West Coast, practical actions need to occur. There are a lot of objectives and actions in the ERP, like the whole of Government broad-brush approach in the National Adaptation Plan. To achieve all the relevant objectives and actions over the next three years, Government must ensure they take communities and local government along with them by providing the appropriate support.

One of the targets in the ERP is for *“Equitable Transition: develop an equitable transition strategy in collaboration with people and communities who will be most affected by the transition.”* A just transition is critical for the economic, social and cultural wellbeing of West Coast people and communities who will be significantly affected by this Plan. West Coast Communities will be significantly affected by the:

- cessation of mining;
- loss of coal for domestic and industrial heating;

- restrictions on agricultural land use via freshwater and indigenous biodiversity national policy and regulation;
- limited amount of non-conservation land and stewardship land available for alternative new industry such as biomass production; and,
- loss of economic viability due to restrictions on the clearance and development of land.

As part of a just transition, the West Coast requires economic support to transition to low carbon industry. A future West Coast could be home to pioneering businesses, be sustainable in energy provision, and a centre for commercial endeavours, such as being a leader in new technologies and green innovation. This may include hydro-electricity generation, carbon research, other energy generation and technology research. Allowing development of West Coast land and resources for climate mitigation activities, and providing a West Coast hub for regulatory pilot projects would assist the region and the rest of New Zealand to make progress to achieve our net zero emissions commitment. In March this year, Council submitted on the research, science and innovation Green Paper consultation document suggesting a number of initiatives that could contribute to emissions reductions, and ensure the economic, social and cultural wellbeing of West Coast people and communities is provided for. If these initiatives are not already included in the ERP, Council seeks that they are added.

Recommendation 1

That the research, science and innovation (RSI) funding referred to in the Government's "Te Ara Paerangi Future Pathways Green Paper 2021" be allocated to the West Coast region to address the transition of the West Coast (and potentially in other regions) to a low carbon economy and to recognise the significant contribution the Region's forest cover makes to New Zealand's Greenhouse Gas inventory :

- a) Feasibility/viability/practicality of biomass and hydrogen as alternative fuels for the West Coast.
- b) Investigate smaller bio-fuel refinery options for the West Coast as a pilot project and alternative sources of biofuel. For example, establishing a plant adjacent to Westland Milk Products to take wood waste from nearby forestry areas to fuel the milk tanker fleet.
- c) Identifying suitable and available areas on the West Coast to grow energy crops, or alternative biomass harvesting options such as windblow timber and understory harvesting. This could be in conjunction with forestry land. It is estimated that 50,000ha of land is required. Investigate if any stewardship land would be suitable for this purpose.
- d) Investigate the viability of small-scale 'run of the river' hydro electricity generation schemes on public conservation land and elsewhere, for micro and small-scale hydro electricity generation for self-sufficient local supply and potential sale outside the region. The West Coast has an abundant water supply and slope resources required for these low-impact and low footprint activities.

- e) Providing incentives for indigenous forest on private land to be used to offset farm emissions.
Currently the only economic incentives are to clear the indigenous forest and plant pines.
- f) A fairer accounting system for greenhouse gas emissions and reductions. This includes those emitted from the transport sector.
- g) Using national parks as carbon sinks.
- h) Developing regional emissions accounting systems.

Council considers that the wording of some parts of the ERP places unrealistic responsibility and costs on local government which our Council will be unable to deliver. For example, there are statements in the ERP that *“local government will tackle biodiversity and climate change”*; and in the planning and transport section: *“Local government has a major role in planning and funding regional and local transport”*.

Council is deeply concerned by the expectation of central government that all councils will be able to implement these actions as this is not the case for West Coast councils. Such statements must be amended to include qualifiers such as *“where practicable”*. Providing flexibility for smaller councils to do what is realistically achievable removes pressure to deliver additional functions.

Key to the success of these initiatives is a move in the Government reforms from what regions cannot do, to an incentive focussed stance, highlighting how regions can grow and develop under the new regulatory framework.

Recommendation 2

Statements in the ERP about local government implementing the ERP must be amended to include qualifiers such as *“where practicable”*.

Is the emissions budget for 2026-30 achievable and if not, what additional actions or changes to the key actions in the Emissions Reduction Plan would make it more likely the budget was achieved? Please state reasons.

As stated above, the WCRC requires support for a transition to a low carbon economy. Traditional industry needs support to transition and implement new technologies. In addition, the Community needs support to transition to a low carbon future and to adopt good practice. Examples include support for improvement to the housing stock and increased sustainable energy production, while communities transition away from solid fuel burners.

The Emissions Budget fails to provide any incentive to the West Coast Region for their contribution to the carbon budget through the retention of pre-1990 forest cover. Without recognition of this contribution, the Government's emissions budget is unlikely to gain any support from this region.

What tools or initiatives would help implement the key actions in the Emissions Reduction Plan and why?

A commitment from central government, to **provide** economic incentives for West Coast private landowners to maintain wetlands, SNAs of native forest, and non-significant native forests as carbon sinks, will help improve achieving carbon emissions reductions.

The Forestry section of the ERP (Pg 284) includes an action: *"To maintain and increase carbon stocks in pre-1990 forests, the Government will: consider opportunities to incentivise and encourage those management activities, including mechanisms to enable the recognition of additional carbon storage in pre-1990 forests"*. Council understands that in the 1990-2019 New Zealand Greenhouse Gas Inventory², *"...all of New Zealand's forests, both those planted for timber production and natural forests managed for conservation values, are considered managed forests...."*, and the contribution of pre-1990 forest land to carbon stock changes is accounted for in New Zealand's baseline emissions and removals.

The West Coast indigenous forest area contributes from 15 to 25% of the pre-1990 forest cover. This is a significant contribution to New Zealand's overall emissions budget, however the West Coast Region receives no economic return for this contribution.

The National Policy Statement for Freshwater Management, the National Environmental Standard for Freshwater, and the Draft National Policy Statement for Indigenous Biodiversity have restrictions on the use of land with SNAs of terrestrial forest/bush, and natural wetlands, to protect their mainly ecological values. These national restrictions are having, and will continue to have, a significant adverse economic and social impact on rural property values in the region, and on future generations of current private landowners. It is also having a significant impact on the psychological wellbeing of our people and communities. Council is aware of a growing number of private landowners with protected SNAs and natural wetlands on their land, who had intended to either sell their land for

² Ministry for the Environment. 2021. New Zealand's Greenhouse Gas Inventory 1990–2019. Wellington: Ministry for the Environment. Volume 1, Chapters 1-15, Pages 294-297.

money as an inheritance for their children and grandchildren, or for their own retirement, but are finding that their land has lost monetary value, and has become difficult to sell.

The SNAs and wetlands on the West Coast currently have little or no economic value, but landowners are unable to develop these areas for economic return. This makes the large land areas unsustainable in terms of economic wellbeing of our Community, but New Zealand as a whole is gaining from the emissions targets and New Zealand's overall carbon budgets. While the Government recognises the national contribution of terrestrial SNAs, wetlands, and non-significant indigenous forest as carbon sinks for reducing carbon emissions, West Coast landowners are not recognised as contributors nor are they receiving any benefits in return. The LAWA website states: *"The West Coast's land cover profile is characterised by: A predominance of forest cover (about two thirds of land area (64%)), of which most is indigenous forest."* The West Coast region is also not recognised for the contribution the Conservation estate contributes to the overall emissions reductions.

The West Coast has been promoting the tourism potential of the natural environment. Many SNAs and natural wetlands have the same or similar "representative" ecological values, so there is a limited number of SNAs and wetlands that can provide income from alternative sources such as eco-tourism, for example. New eco-tourism ventures based on SNAs and wetlands are likely to be reliant on international tourists, which may become unsustainable in light of another global crisis such as the Covid pandemic. As it is, it will take some time for tourism numbers to return to pre-Covid levels, if they ever do.

Since no compensation is forthcoming from the Government for the loss of economic value of West Coast land with terrestrial SNAs and wetlands present, the only other potential economic value that Council is aware of for these areas is to have a system of economic incentives for private landowners to be able to receive some benefit from maintaining their SNAs, wetlands and non-significant indigenous forest. It is imperative for the economic and social wellbeing of West Coast people and communities that the Government provides economic incentives for West Coast carbon sinks. Retaining native forest on private land could be used to offset farm emissions.

The "Working with nature" section of the ERP, Action 4.2, 4th bullet point (Pg 90), is to investigate "incentives for public and private investment in biodiversity". Council seeks that this action is amended to include **providing** for economic incentives to maintain carbon sinks. Additionally, this action should be added to the Action 4.1 priorities.

Recommendation 3

- a) That greater provision is made in the Emissions Reduction Plan for increasing the natural removal of emissions via sinks, as part of achieving the net-zero goal and economic support given to Communities that support these sinks;
- b) Amend Action 4.2, 4th bullet point (Pg 90), or add a new action, to include: “**provide** for economic incentives for private landowners to maintain areas with high biodiversity such as wetlands, Significant Natural Areas (SNAs) of native forest, and non-significant native forests as carbon sinks”;
- c) The amended or new action should be added to the Action 4.1 priorities.

Are there other key actions which can better achieve the emissions budgets than those in the Emissions Reduction Plan, what are they, and why are they more likely to succeed?

See the above comments which apply here. Economic incentives for private landowners with carbon sinks (wetland, SNAs and non-significant native forest) on their land will have multiple benefits of helping to protect indigenous biodiversity and habitats, providing for people’s economic, social and cultural wellbeing, and continuing to contribute to carbon removal, including by pre-1990 forests.

The increase in carbon unit price on the Emissions Trading Scheme (ETS) levy for landfill operators should be addressed in the ERP. Landfill ETS levies are proportionate to organic content of the Municipal Solid Waste (MSW). Reducing organic waste (Food and Garden waste) going to landfill or reducing these organics by source separation reduces the ETS levy payable.

Larger landfills must install a landfill gas capture (LFGC) system, the efficiency of which dictates their ETS levy payable. Larger councils also source separate organics and treat these by composting or anaerobic digestion, which again lowers ETS levy payable.

It may not be viable for smaller councils to install LFGC or to divert kerbside organics. Perversely, all three West Coast District Councils are considering trucking their Municipal Solid Waste to Kate Valley in the Hurunui District. This will result in combined ETS levies falling from \$1million to \$100,000.

Government assistance is required to fund feasibility studies for smaller councils to either install smaller LFGC systems or kerbside collection of organics, otherwise perverse outcomes will occur.

Recommendation 4

The ERP must address the unaffordable cost to small councils of methane capture from landfills, and the excessive penalty of ETS levies where the methane is not captured. This could include assistance in source separation of organic waste from Municipal Solid Waste, or assistance with an LFGC system that will not only collect present day methane but also legacy methane from capped cells.

What type of monitoring and reporting would enable you to be confident that the key actions in the Emissions Reduction Plan are being implemented, and that emissions are falling in line with the emissions budgets? Please state reasons.

The key actions which are important to the West Coast Region are listed above.

This ends our submission.