



**Submission on the
Government's second
Emissions Reduction Plan**

Prepared for the Ministry for the Environment
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About the PSA

The New Zealand Public Service Association Te Pūkenga Here Tikanga Mahi (the PSA) is the largest trade union in New Zealand with over 95,000 members. We are a democratic and bicultural organisation representing members in the public service, the wider state sector (including Te Whatu Ora, crown research institutes and other crown entities), state owned enterprises, local government, tertiary education institutions and non-governmental organisations working in the health, social services, and community sectors.

The PSA has been advocating for strong, innovative, and effective public and community services since our establishment in 1913. People join the PSA to negotiate their terms of employment collectively, to have a voice within their workplace and to have an independent public voice on the quality of public and community services and how they're delivered. The PSA is an affiliate of the New Zealand Council of Trade Unions Te Kauae Kaimahi (CTU), Public Services International and UniGlobal.

As the largest union in the public sector, we have a particular interest in the role that effective government can play in achieving a zero carbon economy. This includes the key role public services play in supporting a just transition for workers, industries and communities towards a zero carbon future. All our members will play a significant role in the Government's response to climate change. They are helping to shape the policy from within their agencies, they will help implement their agencies' plans and strategies, and as workers they will be involved in how their organisations lead and respond to change within the workplace.

About this submission

This submission was developed in consultation with PSA members, led by the PSA Eco Network – a network of over 3,000 PSA members with a particular interest in advocating for positive environmental change across public and community services.

We have not addressed all areas of this consultation; this submission focuses on areas of specific interest to our members, of direct relevance to our role as a union, and where the PSA considers it can make a meaningful contribution. The first part of this submission summarises our key recommendations, followed by some overall comments about the second Emissions Reduction Plan (referred to as ERP2). The remainder of the submission addresses particular questions in the discussion document.

This submission builds on [the PSA's submission on the first ERP](#), and most of the recommendations in that submission are still relevant.

Summary of recommendations

We make the following recommendations:

- The final version of ERP2 needs, at the very least, to contain sufficient quantified emissions reductions to achieve the net zero target by 2050.
- We recommend an approach that prioritises investment in gross emission reductions.
- The final version of ERP2 needs to contain more proactive policy initiatives for gross emission reductions to reduce its reliance on offsetting and market mechanisms.
- The final version of ERP2 needs to be supported by adequate funding for public sector capacity and capability, including:
 - increased baselines for the public service departments delivering advice to the Government on climate change and supporting implementation of climate initiatives
 - a strong mandate from government for agencies to collaborate on whole of public sector workforce planning and training and development to ensure we have the capability needed for this important work.
 - renewed funding and FTE resourcing for the Carbon Neutral Government Programme
 - increased public investment in science funding, with an aim of raising R&D spending to 2% of GDP by 2027
 - making emission reductions and good employment explicit criteria within the Government Procurement Rules
 - strongly signalling a mandate to leadership in the public service and state sector to engage with their workers and with unions on opportunities for emissions reduction in workplaces.
- We recommend a bipartisan, depoliticised approach to emissions reduction planning to help ensure it will endure beyond electoral terms.
- Develop a fully funded plan to phase out fossil fuels for all public buildings including schools and hospitals.
- ERP2 should include the public sector and health sector specifically.
- Invest in Kāinga Ora's function of supporting Māori housing aspirations.
- End free carbon credits to major emitters, and instead invest in supporting major emitters to reduce emissions.
- Develop an energy industry transformation plan, market regulation to ensure fair electricity pricing, and government support for community-led micro-generation.
- Invest in supporting families and communities to put in place small-scale renewable energy.
- Provide funding to subsidise public transport fares, especially for people on lower incomes
- Increase funding for public transport infrastructure beyond the specific named projects
- Provide greater support for active transport through the Government's Land Transport Fund.

- Include greater investment in passenger and freight rail.
- Include agriculture in the ETS.
- The final version of ERP2 needs to be accompanied by an Equitable Transitions Strategy or a plan to develop one. It should involve workers, unions, iwi/hapū and communities
- Undertake active labour market planning to provide good jobs for people whose work will be affected by climate change
- Continue work on the New Zealand Income Insurance Scheme to ensure people whose work is affected by climate change have a safety net while they retrain and transition to different work.

General comments

The Government needs to be more ambitious on climate change

The ERP2 consultation document acknowledges that, as proposed, the second ERP risks not achieving our 2050 net zero target. It also predicts that emissions over the second emissions budget period will be 18 million tonnes CO₂-e more than recommended by the Climate Change Commission. This lack of ambition is irresponsible given the seriousness of the situation.

A “least-cost approach” to carbon emission mitigation as the government has outlined in this ERP ignores the urgency with which mitigation is needed. Short term economic reasoning will cost the country more in the long term. The government have actually pulled money from effective emissions reduction initiatives in the previous government’s ERP to pay for their tax cuts. The money to address the climate crisis exists within the economy, this ERP just fails to acknowledge it.

The longer we put off real change, the more difficult, costly and disruptive the transition will be when it eventually happens.

The final version of ERP2 needs, at the very least, to contain sufficient quantified emissions reductions to achieve the net zero target by 2050.

Our emissions reduction strategy needs to focus on gross emission reduction, not relying on technology and markets to drive change

The draft ERP2 lacks a plan to reduce carbon emissions at their source. It largely abandons a suite of practical emissions reduction initiatives in favour of leaving the bulk of the work to private actors being incentivised by ETS pricing, and to unsubstantiated hopes for future technology to do the work the Government is unwilling to do. This incentivises our polluting industries to continue polluting and shifts the focus from decarbonisation.

We need a plan that doesn’t simply rely on individual actors’ profit maximisation strategies to drive emissions reduction. We need an economic plan that considers the type of economy we want to transition towards – one that will meet the needs of future New Zealanders – and will proactively drive the outcomes it wants to see.

The final version of ERP2 needs to contain more proactive policy initiatives for gross emission reductions to reduce its reliance on offsetting and market mechanisms.

The Government needs to invest in the public sector's capacity and capability to respond to climate change

Recent months have seen indiscriminate and reckless cuts to public sector jobs that threaten the state's ability to respond to the climate crisis. Baseline savings requirements from ministers and insufficient funding for core areas of work have resulted in cuts to a third of the Ministry for the Environment's staff, a fifth of the Environmental Protection Authority's staff, and a significant reduction in Waka Kotahi's climate change expertise, to name a few examples. Cuts like these reduce the ability of the public service to provide expert advice to decision-makers and to work with communities to support decarbonisation. Funding shortfalls have also driven wide-scale job losses in CRIs responsible for the research needed to understand climatic trends and drive sustainable innovation in New Zealand industries.

The defunding of the Carbon Neutral Government Programme has sent a clear signal that reducing emissions is not a priority for the Government, while the disestablishment of the GIDI Fund and the raiding of the CERF to fund tax cuts has severely dented the ability of the government to make any real improvement.

This has to change. If the Government is serious about reducing emissions it needs to fund the capacity and capability within the public sector to build the evidence base, provide expert advice, fund projects and initiatives, and be resourced to support them. Agencies also need to be mandated and supported to take a mission driven, collaborative whole-of-public-sector approach to solving the problem of how to reduce emissions, because an individual agency-by-agency approach is not sufficient.

Alongside this, if the Government intends to rely on technological development to bridge the gap, it needs to invest adequately in research and development. That means a significant increase to the current levels of investment, both in climate science and in technological innovation. In the recent past we have seen the opposite, with significant reductions in public science funding and losses of public science jobs, including in climate science.¹ This trend needs to be reversed.

The final version of ERP2 needs to be supported by adequate funding for public sector capacity and capability, including:

- **increased baselines for the public service departments delivering advice to the Government on climate change and supporting implementation of climate initiatives**
- **a strong mandate from government for agencies to collaborate on whole of public sector workforce planning and training and development to ensure we have the capability needed for this important work.**
- **renewed funding and FTE resourcing for the Carbon Neutral Government Programme**
- **increased public investment in science funding, with an aim of raising R&D spending to 2% of GDP by 2027**
- **making emission reductions and good employment explicit criteria within the Government Procurement Rules**
- **strongly signalling a mandate to leadership in the public service and state sector to engage with their workers and with unions on opportunities for emissions reduction in workplaces.**

As the owner of significant assets across the country the Government also has levers to reduce demand for fossil fuels from the property it owns. There are more than 750 schools, hospitals and

¹ [Science under threat: Cuts to public science funding and jobs in Aotearoa New Zealand \(Save Science Coalition, 2024\)](#)

public buildings waiting for government funding to transition off fossil fuel heating sources, mainly gas.² The reducing costs of electrification compared to gas³ combined with future scarcity of gas reserves and the need to phase out gas over time, make electrifying public buildings would be a worthwhile investment. Having community-level public buildings powered by distributed renewable micro-generation would also add resilience to communities in times of extreme weather events and other emergencies.

The Government should develop a fully funded plan to phase out fossil fuels for public buildings including schools and hospitals.

Our climate change response needs to be equitable with workers and communities at the heart of it

We are disappointed by the cancelling of the Equitable Transitions Strategy. This was a necessary and important element of Aotearoa's transition planning. Stopping this work while simultaneously shifting the Government's emissions reduction focus towards market mechanisms will lead to a climate response that exacerbates existing inequalities.

For a truly equitable transition we need to be able to increase progressivity and improve our ability to tax wealth to generate the revenue needed to support a just transition, as well as an approach to public services based on universal accessibility of basic services.

The final version of ERP2 needs to be accompanied by an Equitable Transitions Strategy or a plan to develop one.

We need long-term, depoliticised planning

Our approach to emissions reductions requires long-term planning that spans beyond electoral cycles, something the Climate Change Response Act 2002 and the system of emissions budgets and ERPs attempts to provide. However, it is clear from the scaling back of commitments in the second ERP, the dropping of ERP actions over the last nine months, and the proposed amendment of the first ERP that much more is needed.

This also means central government shouldn't interfere with local government's ability to consider how best to manage the effects of local-level resource use on climate emissions. We don't believe it would be useful or appropriate for the Government to support, for example, the current private member's bill seeking to restrict councils' ability to consider climate change in planning and consenting decisions.

We recommend a bipartisan, depoliticised approach to emissions reduction planning to help ensure it will endure beyond electoral terms and enable both central and local government to take an evidence-informed approach to reducing emissions.

Feedback on specific sections and questions

The following sections of our submission focus on specific chapters of, and questions from, the ERP2 discussion document of particular relevance to the PSA and its members.

² [Fossil Free State Sector \(350.org.nz\)](https://www.350.org.nz/)

³ [Electric Homes: The energy, economic, and emissions opportunity of electrifying New Zealand's homes and cars \(Rewiring Aotearoa, 2024\)](#)

Question 0.2: What do you see as the key advantages of taking a net-based approach? What do you see as the key challenges to taking a net-based approach?

The PSA opposes taking a net-based approach. The main advantages of this approach for the Government are that it doesn't require ambition or leadership, and it requires less cost up-front. But it puts our long-term economic welfare, and the life-supporting capacity of the environment, at greater risk because it doesn't incentivise real reductions in activities that produce greenhouse gas emissions. As stated earlier in this submission, we recommend an approach with a greater focus on gross emission reduction.

We recommend an approach that prioritises investment in gross emission reductions.

Question 0.3: What, if any, other sectors or areas do you think have significant opportunities for cost-effective emissions reduction?

The public sector and the health sector are overlooked in the draft ERP. The Government has greater levers to affect change in these sectors than in private sectors, because it has a greater role in decision-making and funding decisions. The public sector and health sector are areas where the Government could show leadership.

We recommend ERP2 include the public sector, health and local government sectors specifically.

Question 0.4: What Māori- and iwi-led action to reduce emissions could benefit from government support?

Adequate government support for Māori to realise housing aspirations through local housing developments is one area that could make a difference to Māori having access to energy-efficient housing close to amenities. This is also an area that is being undermined by funding cuts.

We recommend investing in Kāinga Ora's function of supporting Māori housing aspirations.

Question 3.3: What are the potential risks of using the NZ ETS as a key tool to reduce emissions?

The PSA recognises the important role of the ETS in reducing emissions but strongly disagrees with the proposed approach in the draft ERP of relying almost exclusively on the ETS. Relying on the ETS as the key tool for reducing emissions risks:

- A less equitable transition, where the choices about how best to reduce emissions are made primarily based on profitability and market signals rather than the changes that will provide the greatest good for New Zealanders
- Meeting reduction targets on paper through tree planting, without driving any long-term changes to the practices that produce greenhouse gas emissions in the first place
- Losing the gains from afforestation due to droughts or wildfires that are already increasing in likelihood because of climate change.

We also believe the provision of free and subsidised carbon credits to large industrial emitters should be examined. This Government justified disestablishing the GIDI Fund on the grounds that it constituted corporate welfare, but subsidising carbon credits does the same. Worse, while the GIDI Fund paid emitters to reduce emissions, subsidised carbon credits pay emitters to go on emitting. We believe it is a better use of money to support emitters to change than to keep paying them to go on damaging the environment.

We recommend ending free carbon credits to major emitters, and instead invest in supporting major emitters to reduce emissions.

Question 5.1: What three main barriers/challenges that are not addressed in this chapter do businesses face related to investing in renewable electricity supply (generation and network infrastructure)?

We strongly support moves to increase investment in renewable energy. However, the draft ERP appears to focus mainly on removing barriers to consenting, which isn't enough to drive investment in renewable energy at the scale we need.

Research from 350 Aotearoa and First Union sets out how “*gentailers’ practice of excessive dividend distribution is a key factor in explaining why electricity generating capacity in Aotearoa has hardly moved in more than a decade.*” It notes that at the time of writing the amount of generating capacity in wind farms that had been consented but not yet constructed was more than the current operational capacity provided by gas and coal combined, but that key windfarm sites had been pre-emptively occupied by gentailers who stood to gain in the form of higher prices from not building more generating capacity.⁴ Therefore, we believe that a more active role for government is needed beyond just making consenting easier. The report calls for the Government to support the New Zealand Council of Trade Unions Te Kauae Kaimahi (CTU) proposal for an “energy revolution alongside a just transition” which includes an energy industry transformation plan, market regulation and support for community-led micro-generation.⁵

We recommend the development of an energy industry transformation plan, market regulation to ensure fair electricity pricing, and government support for community-led micro-generation.

PSA considers it self-defeating and would oppose any decision to remove the current power of local government and consenting authorities to factor in the negative impacts of climate change and CO2 emission in consenting decisions. How we go about getting increased renewable energy and infrastructure in of-itself should continue to be assessed against local climate impacts and potential emissions.

Question 5.3: What three main barriers/challenges do businesses and households face related to electrifying or improving energy efficiency, in addition to those already covered in the discussion document?

Other than planned work on feed-in tariffs, the ERP2 consultation makes almost no mention of distributed and community-owned energy. Ignoring this part of the solution would be a massive missed opportunity for Aotearoa.

The 2024 Rewiring Aotearoa report Electric Homes found that New Zealand has crossed the electrification tipping point where the electrification of homes and vehicles can deliver both cost-of-living savings and emissions reduction simultaneously, adding unprecedented energy resilience to New Zealand communities and reduce home energy emissions close to zero. It also found that the lowest cost place to get substantially more renewable electricity will be rooftop solar and demand side batteries.⁶

⁴ [Generating scarcity: How the gentailers hike electricity prices and halt decarbonisation \(350 Aotearoa and First Union, 2022\)](#)

⁵ [Building a Better Future Creating an Economic Development Strategy Together for Aotearoa New Zealand \(NZ Council of Trade Unions, 2022\)](#)

⁶ [Electric Homes: The energy, economic, and emissions opportunity of electrifying New Zealand’s homes and cars \(Rewiring Aotearoa, 2024\)](#)

It is positive to see that ERP2 includes exploring innovation in tariff design, one of the recommendations of the report. However, as Rewiring Aotearoa argues, “New Zealand is one of the few Western countries that hasn’t subsidised solar and that means we have incredibly low uptake.”⁷ This is an area where government investment could pay off in the long term while reducing the cost of living for families.

We recommend Government investment to support families and communities to put in place small-scale renewable energy.

Question 6.8: Please provide any additional feedback on the Government’s thinking about how to reduce emissions in the transport sector

It is positive that the Government intends to invest in some specific public transport initiatives. However, the transport chapter focuses too much on private vehicles and not enough on public and active transport, which is a more efficient way of reducing passenger transport emissions while reducing the cost of living for New Zealanders. This lack of focus has been accompanied by a Government Land Transport Policy Statement that starves investment in public and active transport in favour of roads, and the undermining of climate and safety expertise within Waka Kotahi through job cuts. More could be done not only to build specific projects, but to make public transport cheaper and more accessible.

We recommend ERP2 include:

- **funding to subsidise public transport fares, especially for people on lower incomes**
- **more funding for public transport infrastructure beyond the specific named projects**
- **greater support for active transport through the Government’s Land Transport Fund.**

ERP2 also has a positive focus on reducing heavy vehicle transport without any real support for improving our rail infrastructure to drive goods transport off roads and onto rail.

We recommend ERP2 include greater investment in passenger and freight rail.

Question 7.5: What are the key factors to consider when developing a fair and equitable [agricultural] pricing system?

Our members have told us that if the Government intends to use the ETS as its primary tool for achieving emissions reduction, the ETS should apply to all sectors equally. This is not only for reasons of equity; we also see the delay in addressing methane emissions as an opportunity missed. With methane comprising such a large proportion of our emissions, and given that methane is a short-lived, high potency green-house gas, providing a pathway for its reduction provides us with an opportunity many other countries don’t have - to reduce the atmospheric impact of our emissions quickly.

We recommend agriculture be included in the ETS.

Question 12.2: Do you think additional climate-specific services, supports or programmes should be considered by the Government over the coming years?

ERP2 as currently proposed risks exacerbating inequalities and leaving people behind.

⁷ [How solar can help bring down high electricity prices - and why customers need to be seen as part of the solution \(rewiring.nz\)](https://rewiring.nz/solutions/how-solar-can-help-bring-down-high-electricity-prices-and-why-customers-need-to-be-seen-as-part-of-the-solution)

In its recent advice the Climate Change Commission stated that *“actions to meet climate goals can have positive impacts, such as reducing living costs, but there can also be negative impacts. The way those impacts fall on different sectors, regions, and communities, and across generations, needs to be managed to avoid inequities. There is currently a lack of clarity in how the Government plans to manage potential impacts of emissions reduction policy and to grasp opportunities to improve the lives of New Zealanders, particularly for those most affected by emissions reduction policies.”*⁸

The ERP2 discussion document notes that emissions pricing disproportionately affects lower socio-economic groups, and sets out modelling to show the impacts of relying mainly on ETS pricing will disproportionately affect people on lower incomes, but offers no additional measures to mitigate this impact. This effectively amounts to an acknowledgment that this government is happy to leave poor people on the scrap heap in a market-led, unequitable transition. The discussion documents also notes that the Government does *“not yet have detailed analysis of the expected distributional impacts of many of the sector-specific policies”*, and that it hopes to have more information by the time ERP2 is finalised – once consultation is over and decisions have already been made. We suspect this is driven in part by a lack of capacity within the teams delivering the work, exacerbated by funding and staffing cuts.

New Zealand’s climate change response presents huge opportunities to make emissions reductions in areas that also improve people’s wellbeing and respond to cost-of-living pressures, including by prioritising warmer and more energy-efficient homes, funding distributed renewable energy at the home and community level to make electricity more affordable, and investing more in public transport to make it easier and cheaper to move around our cities. The proposed ERP contains some of this (eg, the signalled public transport projects and continuing the Warmer Kiwi Homes scheme) but there is room for much more. ERP policies should, as much as feasible, target interventions that improve the lives of New Zealanders alongside reducing emissions.

We recommend measures to drive an equitable transition including:

- **developing an Equitable Transitions Strategy involving workers, unions, iwi/hapū and communities**
- **undertaking active labour market planning to provide good jobs for people whose work will be affected by climate change**
- **continuing work on the New Zealand Income Insurance Scheme to ensure people whose work is affected by climate change have a safety net while they retrain and transition to different work.**

Conclusion

We appreciate the opportunity to submit on the draft ERP. Despite our opposition to many of the decisions made by ministers, we acknowledge and appreciate the work of public servants across government to undertake the analysis and provide the advice required to put it together, especially in the current environment of stretched capacity and job cuts.

We hope the Government takes on board public feedback on the plan, and acts with more ambition than is currently proposed.

⁸ [Monitoring report: Emissions reduction - Assessing progress towards meeting Aotearoa New Zealand’s emissions budgets and the 2050 target \(Climate Change Commission\)](#) Page 21

Thank you for considering our submission.

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