Written Submission : COVID-19: Calling For a Sustainable Economic Reset

The Sustainable Reset Collective to Finance and Expenditure Committee

Dear Finance and Expenditure Committee,

In spite of the crisis and hurdles that COVID 19 presented us with, Aotearoa New Zealand proved to everyone that as a nation, that we are adaptable and resilient. We rose to the challenge and took opportunities to change long-standing systems for the sake of our people in a matter of days.

As a group of business owners, academics, activists and educators, we are asking for this same mindset to expand; prioritising long-term, strategic thinking, and responsiveness and for you to use your power to embrace climate action as we are still navigating our way through this economic reset. Aotearoa New Zealand is being admired on the world stage for its direct and decisive COVID-19 response, so let's keep the ball rolling and step up our commitment to our 'clean green sustainable' image.

Since sending out our open letter to the government about a sustainable economic reset, we have seen the Climate Change Commission release its draft advice for the first three emission budgets, Parliament's declaration of a climate emergency, and some promising policy development. We have also seen the continuation of grassroots action, communities working together and various nonprofits and businesses stepping up to make real change. However we ask that you use your power to mandate change, from the top down - a change that science, legally binding international agreements, and the next generation requires us to urgently make.

With opinions from contributing experts, this letter demonstrates that by combining Mātauranga Māori, technology and systems already in existence, we can become a strong, resilient green Aotearoa that respects Papatūānuku and her biophysical limits and invests in our collective future wellbeing.

MĀTAURANGA MĀORI: Melanie Mark-Shadbolt

The video 'Papatūānuku is Breathing', produced by Auckland Tourism, Events and Economic Development (ATEED) and narrated by 11-year-old Manawanui Maniapoto has gone viral around the globe and been translated into both French and Spanish. Its simple message about people stopping to allow nature to rest leans heavily on the connection between man and land, and the stress or impact that can occur when a shift between the two occurs.

This concept of interconnections between the environment and people, a co-existence reliant on 'balance' is a worldview familiar to indigenous peoples the world over, and embedded in our knowledge and our environmental practices. During the Covid19 response we have talked openly about the rāhui we are all participating in.

Rāhui is a form of Māori management utilised by rangatira (leaders) to modify and restrict human behaviour and activity, for the purpose of protecting people and taonga (those things that are treasured), and thus allowing nature to re-establish balance and return to its natural or desired state. In the Covid19 recovery, in a country that exalts and promotes its bicultural roots with Māori, we ask that agencies not forget their Treaty partner whose culture, knowledge and environmental management practices (like rāhui), contain embedded and codified solutions and tools designed for these lands.

So as we reimagine our new world post Covid19, let us imagine one where we tread lightly on Papatūānuku, and we take her needs into consideration in all of our decision-making and investment. Let us lean on what is uniquely us, our remarkable response to Covid19, our beautiful landscapes and international brand of 4.7 million nature lovers, and our Māori culture. Let that guide our investment into the production of sustainable premium products. Investment in the inclusion of mātauranga Māori (Māori knowledge) across all sectors of the Covid19 recovery, would ensure decision-makers have access to other ideas and ways of thinking, and ensure they don't support activities that harm the environment or people. Let us remember to bring all people, not some people, along in this recovery. We can support the Māori economy to invest in our lands and in our people, and not be tempted to ignore it in favour of offshore investors with little love for, or understanding of, Papatūānuku.

As we look for solutions to plant diseases like Kauri Dieback and alternatives to 1080 in the knowledge our tohunga (experts, healers) hold of our indigenous plants and their chemical make-up. Our kaitiaki implore the government to fund them to be the eyes and hands of Papatūānuku. As our stories from previous natural disasters and pandemics offer us ideas on how best to recover, we ask for solutions that; restore the balance between people and nature; force economic investment not only within the physical limits of our ecosystems, but also within the cultural limits of the Māori worldview; and are inclusive of all peoples and knowledges be supported. For they offer us unique solutions to ensure our recovery is productive, sustainable, inclusive and world-leading.

Māori leaders are asking the Government

- For investment in the employment of Māori to perform their duties as kaitiaki of their lands and waters, including undertaking tasks such as pest management, biosecurity surveillance, water quality monitoring, and restoration of our environmental systems.
- To ensure our whānau are supported to be healthy, warm and disease free. Māori want investment in healthy homes; homes that are warm, have access to clean water, are energy efficient and future proofed.
- To ensure we are not further degrading Papatūānuku, Māori have asked for investment in waste infrastructure, especially plastic recycling.
- To protect the Māori economy and Māori investments, as they are important as protecting national airlines and large construction companies.

Updates & progress since the original Open Letter:

Since this advice was written, the government has rolled out a billion-dollar fund to create jobs that boost nature. This fund included more than $300m for pest control and management, and more than $430m for river clean up and wetland restoration. A number of Māori entities have received funds to progress environmental projects of importance to them and employee their people including Te Arawa Lakes Trust who received $2.5 million to fund an ambitious environmental programme called 'Mauri Tu Mauri Ora'. This fund not only prioritises Papatūānuku it provides opportunities for kaitiaki to be funded to be kaitiaki. It is a positive step towards a sustainable future but we need to be cautious that it is maintained, grown and protected from being directed towards entities not committed to an economic reset that puts nature at its heart.

Additionally since this advice was written, the Climate Change Commission has noted, in its draft advice on emission reduction, that Māori need to not just be consulted, but have a seat at decision making tables across environmental issues. The draft advice strongly recognised that as Te Ao Māori holds unique connectivity and understanding of Aotearoa, it is essential that government acknowledge iwi/Māori rights to exercise rangatiratanga and kaitiakitanga in a joint plan to reduce emissions. Existing barriers that are preventing a genuine and enduring Treaty partnership must be removed to have a fair and equitable sustainable shift.

The Climate Change Commission also outlines that it is imperative that we see our whānau are supported from the central government in the form of climate related policies. Government needs to actively support groups and communities that are economically disadvantaged especially when it comes to power, transport and labour. Government must ensure that this sustainable transition does not further compound historic grievances for Māori while passing on more responsibility. We have begun to see progress in this area with the Māori and Public Housing Renewable Energy Fund, an example that we need to see replicated in other areas.

RENEWABLE ENERGY - David Tong

The global energy economy is in turmoil. We are witnessing an unmanaged decline in oil production, with catastrophic impacts on working people, communities, and some countries. Big Oil and Gas companies are laying off workers, abandoning polluting wells and infrastructure, and aggressively pushing for government support. In 2017, Aotearoa's government took the first step in managing the oil and gas industry's decline by banning new offshore fossil fuel exploration and committing to a just transition process.

Even the International Energy Agency has argued that countries must place clean, renewable energy at the heart of stimulus packages, despite still not having modelled an energy scenario that reflects the 1.5ºC ambition of the Paris Agreement, and indeed of Aotearoa's Climate Change Response (Zero Carbon) Amendment Act 2019.

In this rapidly transforming energy economy, Aotearoa is well placed to carve a path that other countries will follow. Our high baseline renewable electricity generation and existing ban on new offshore oil and gas exploration mean we are well positioned to manage the decline of oil and gas, building on existing and developing just transition strategies and initiatives.

We must not invest stimulus funds in fossil fuel intense projects that will be at odds with our existing and anticipated climate targets, or bail out emissions intense businesses without strong conditions tied to our climate and energy ambitions. On 7 April 2020, the Chair of the Climate Change Commission, Rod Carr, wrote to ministers outlining six principles for recovery and stimulus. We urge you to consider and apply these principles in your decisions: accelerate don't stall climate action; bring forward transformational climate investments; prepare our workforce for future jobs; uphold Te Tiriti o Waitangi; continue fixing the emissions trading scheme; and measure success beyond just GDP.

• In the immediate term, we encourage you to enhance finance and support for home insulation and heat pumps. This provides an immediate benefit to New Zealanders, particularly as over 600,000 homes are still under insulated. International examples suggest that investment in insulation and energy efficiency creates more jobs than investment in new generation or fossil fuel extraction.

• Removing regulatory barriers to community solar and wind projects will allow a number of shovel-ready electricity generation projects across the country to begin work rapidly, and could allow for a more equitable, resilient electricity system. Issuing a National Environmental Standard for community wind generation would allow many communities to rapidly begin work on building local clean energy projects. This can be further encouraged by providing zero-interest or low-cost loans for household solar and batteries.

• Beyond that, we encourage you to stay true to the government's ambition of securing 100% renewable electricity by 2035, while recognising that the ultimate target is achieving 100% clean, renewable energy – not just electricity. As the Interim Climate Change Committee showed, New Zealand can achieve significant decarbonisation through accelerating electrification across industrial and transport sectors. This will require a visionary investment in electricity generation – and there is strong evidence that renewable electricity investment creates more jobs than investment in fossil fuels.

Updates & progress since the original Open Letter:

Since this advice was written, the Climate Change Commission draft advice has been released. It supports many of the points made. In particular, the Commission has confirmed:

- We need to transition to green, renewable energy at a much faster rate than we are currently, and this will only be achieved if barriers are removed at a legislative level. We cannot simply rely on offsetting emissions if we are to meet our targets in time.
- We must support vulnerable households through this process and focus on making energy more efficiently instead of asking already underinsulated households to

reduce their power usage. The Renewable Energy Fund for housing is a great start, but we must see support for community solar and wind electricity generation projects if we want to see renewable energy mainstream and accessible to all.

- Most importantly, we must think long term and invest in a major expansion of the electricity system, such as transport, if renewable energy is to be seriously utilised to mitigate climate warming.

Critically, however, the Commission's advice suffers from profound internal contradictions.

It concludes that New Zealand's nationally determined contribution (NDC) under the Paris Agreement – cutting net emissions to 30% below 2005 gross emissions (or 11% below 1990 levels) by 2030 – is insufficient to meet that Paris Agreement and Zero Carbon Act's purpose of limiting warming to 1.5ºC this century. Instead, the Commission recommends that New Zealand should set a new NDC committing to cuts of "much more" than 35% below 2005 levels, with how "much more" to be determined based on international law principles of equity and differentiation. An Oxfam New Zealand report (which I co-wrote) released last year concludes that New Zealand's fair share would be at least an 80% reduction off 1990 levels by 2030.

Yet, at the same time, the Commission asserts that emissions budgets that do not even meet our existing NDC are consistent with limiting warming to 1.5ºC, with the gap between that and the current NDC or any new NDC to be met through international emissions trading (under the still yet to be agreed rules under article 6 of the Paris Agreement).

If the Government is serious about limiting warming to 1.5ºC, it will therefore likely need to go beyond what the Commission has recommended in its draft report.

Recent independent analysis of New Zealand's stimulus spending, however, shows that it has been far from transformative. Energy Policy Tracker has found that New Zealand's government has given at least USD 1.14 billion (NZD 1.57 billion) to the fossil fuel economy through Covid-19 bailouts. That's NZD 320 per person. The researchers responsible describe this as a "lost opportunity" to transform our economy and energy system.

(Oil Change International, the research and advocacy organization I work for is one of the global partners that coordinate the Energy Policy Tracker, but I was not part of the New Zealand analysis, which was conducted independently by researchers at AUT University).

Last year, we urged Government to ensure that Covid-19 stimulus funding did not go to fossil fuels. Dr Rod Carr of the Climate Change Commission made a similar argument. Yet 44.6% of stimulus for the energy sector went to fossils. That's not good enough. We urge Parliament to commit to ending all public finance for fossil fuels, including bailouts, tax breaks, and subsidies.

AGRICULTURE: Mike Joy

New Zealand faces multiple urgent ecosystem, animal and human health crises arising from the intensification of agriculture and horticulture. This agricultural model is disastrous, dependent on fossil fuel derived fertilisers, herbicides and pesticides all leaching out to the environment where they build-up and harm our freshwaters and soils. The harmful model is driven by short-term profit seeking and happened because successive governments did not put a charge on their destructive externalities. This failure means that New Zealanders are effectively subsidising harm by passing costs onto future generations in the form of polluted freshwaters and degraded soils. Not including negative externalities has given many a warped view of the economic value of farming and thus they fail to see that intensive farming systems are not economically or ethically viable.

Emerging now is a viable and exciting regenerative solution for sustainable food and fibre production not dependent on fossil fuels. Based on ecological principles, regenerative farming systems mimic natural ecosystems, so that they restore rather than degrade the land and freshwaters over time. They are complex and interconnected as opposed to linear siloed approach we have currently and are inherently resilient economically and ecologically. This pandemic is the warning we needed to shake us out of our unsustainable mechanistic model of food and fibre production. We must now usher in a new regenerative system that is healthy for us, our animals and ecosystems. This is what it could look like:

• No more Taranaki gas wasted making urea fertiliser, instead nitrogen can be fixed by clover in pastures and give us healthy soils

• The transition to high value, clean food will mean no more coal fired milk driers.

• The new chemical free, diverse farming systems are healthy, beautiful, rewarding places to work so New Zealanders will again want to be working on the land, and we will no longer need to bring in large numbers of desperate people from poorer countries as farm workers.

Updates & progress since the original Open Letter:

Points from the Climate Change Commission that support our submission:

- Agriculture is unfortunately a big player in terms of New Zealand's emissions and it is imperative that we address both the scale and efficiency of our farming if we are to meet our targets.
- Mandating and supporting environment practice for farms is key and we cannot offset our way out of the current harmful environmental effects.
- We need new technologies throughout the dairy process from fertilizers to dairy production techniques and regenerative farming practices if our world leading dairy industry is to be economically viable, sustainable and ethical for both the animals and the workers.
- Regardless of how quickly we can roll out new technologies, we still need to critically assess our use of land. We must move away from our current intensive agriculture production of dairy, sheep and beef and towards regenerative farming and an increase in horticulture to meet our targets.

Tackling emissions within agriculture, calls for what may feel like radical change, but it is important that we seriously consider the way we are doing things and understand the long term impacts. It is imperative to take urgent action and go beyond what the commission is asking. It is clear from our experts and the Commission that actions like the 2019 Productive and Sustainable Land Use Package was a great step in the right direction but not enough if we truly want to support the primary sector to fairly transition to a sustainable, low emissions economy. The Government must prioritise the health of our waterways, workers and land which also requires removing existing barriers to sustainable agriculture.

TRANSPORT - Paul Callister

As highlighted by the draft advice provided by the Climate Change Commission in February 2021, emissions from transport are a major part of New Zealand's climate challenge. While transport emissions have been rising in most of the world, New Zealand's increase in road transportation emissions by 101.6% from 1990 to 2018 has been remarkable.

This is what transport could look like by 2030:

- No new motorways projects have been started since the government declared its climate emergency in 2020. The money saved has been switched to supporting active forms of transport.
- Cities have become more compact through intensification. '15 minute' and 'low traffic' neighbourhoods have become the norm rather than the exception.
- 'Nova Zeelandia' is the Holland of the South where biking is the preferred means of travel. The Climate Change Commission's target of increasing cycling rates by 95% will seem unambitious given that only 2% of New Zealanders cycled to work in 2018. We will be closer to the model of where Ghent 35% of trips in 2019 were by bike.
- Car share schemes, smart buses and other forms of public transport will make personal car ownership unnecessary for much of the population.
- With better cycleways, traffic calming measures and safe crossings most children to walk or bike to school in safe neighbourhoods. Schools will no longer provide fee car parks for students.
- Most travel from Auckland to Hamilton, Auckland to Tauranga and Wellington to Palmerston North is by fast train taking around one hour. There is a night train between Auckland and Wellington
- All long distance buses are required to have onboard toilets by legislation and there will be attractive transport interchanges in each town and city.
- International flights are powered by 'sustainable aviation fuels'.

Updates & progress since the original Open Letter:

The Commission makes the following points that support our submission:

- Both New Zealand's economy and population will come to rely heavily on efficient transport networks in the coming decades. Therefore investments extending networks are key but must be done as sustainably as possible.
- A transition to accessible and reliable public transport must be mandated and supported from a legislative level starting with buses and rail.

The Climate Change Commission's draft report sets a budget of reducing domestic transport emissions by 47% by 2035. The 1Point5 Project has a more ambitious target, suggesting transport needs to largely decarbonise by 2030. We have also since seen the final Government Policy Statement (GPS) on Land Transport for 2021 published which will take effect in July. While it is great to hear that $5 billion has been allocated to rail, the commitment to investing in road, ports and freight sustainably remains with room for improvement. We implore you to invest in decarbonising transport in an urgent manner, to see accessible and sustainable transport become a reality.

WASTE & RECYCLING: Hannah Blumhardt, The Rubbish Trip

Since the release of the Open Letter, the former Minister with the waste portfolio (Eugenie Sage) continued to advance the Waste Work Programme she initiated, including:

- Declaring six 'priority products' for mandatory product stewardship.
- Releasing a proposal to phase-out a number of hard-to-recycle and single-use plastic items by 2025.
- Increasing and expanding the waste disposal levy
- Releasing independent research focused on standardising NZ's kerbside recycling system
- Investing in upgrading the sorting capabilities of some major material recovery facilities, including in Auckland and Christchurch.

Following the 2020 election, a new Minister is now in charge of waste (David Parker). It seems there will be a continuation of the Waste Work Programme. For example, before the election, the Labour Party committed to phasing-out the plastics targeted in the proposal mentioned above, and pledged to create a $50 million plastics innovation fund. The new Minister will presumably also consider the completed design of the Container Return Scheme for beverages which occurred throughout 2020.

New activities since the election:

- The Ministry for the Environment has started work to update the very out of date New Zealand Waste Strategy and update the Waste Minimisation Act, which is in need of a refresh.
- The recently released Climate Change Commission draft advice includes recommendations for reducing emissions from waste. However, the way waste emissions are calculated restricts the Commission's advice to the methane produced from organic waste in landfill. While this is important, the advice overlooks the upstream emissions (of long-lived gases) generated through the production and consumption of all stuff in our economy that eventually ends up as waste. As a result, the CCC advice misses the opportunity to realise the emissions reduction potential of a zero waste, circular economy approach to all waste streams (not just organic waste).

Progress on the priority actions in the original Open Letter:

- There continues to be a lack of urgency from Government to prioritise investment and policy around the waste hierarchy, with a focus on fostering the reuse economy and incentivising innovations that prevent and reduce waste in the first place. For example, the proposal to phase-out a range of single-use and hard-to-recycle plastics included no accompanying proposal for how to encourage the growth of reusable/refillable alternatives. There is also a need to mandate recycled content in packaging in order to circularise the packaging system.
- The expansion and increase of the waste levy is welcome, but far lower than the ideal $120 per tonne, and the different rates for different types of landfills is unfair and has the potential to drive materials to landfills with a lower levy. The levy increase will result in a big boost in available money to invest back into waste minimisation. However, this amplifies the need to prioritise investment according to the waste hierarchy and to prioritise investing in community-scale solutions and SME innovators, who currently receive a disproportionately small amount of Waste Minimisation Fund money.
- The declaration of priority products is welcome and product stewardship schemes are in design phase for these products. However, the design process is not transparent and too much power is being given to the relevant industries to design the schemes that are supposed to regulate them. The co-design approach the Ministry is taking lacks oversight on behalf of the public interest. There is a risk this process will produce glorified recycling schemes, rather than ambitious schemes that drive waste reduction and product redesign for things like repairability.
- The CCC advice is likely to motivate an increase in efforts to get organic waste out of landfill, which is very important. However, there is a lack of direction around the best way to do this, and thus a risk that the 'easy' overly-engineered approach will be taken, such as diverting organic waste to centralised anaerobic digestion facilities, rather than supporting the growth of a nationwide network of decentralised,

community-scale composting solutions that can be linked to local food growing and resilience.

In summary, since the open letter sent in 2020, the Climate Change Commission have started paving the way for sustainable investment and change. We have seen great progress in some key areas but we need the government to move faster, invest more and truly support the work already happening on the ground.

We urge you to give sustainable solutions the weight they deserve at a time when we have the means and motivation to implement them. Can we as a country be agile and lead by example on the world stage by accelerating out of this with a resilient, local, sustainable economy and inspire other nations to do so too? Or will we return to the sputtering, stalling diesel work-horse knowing, someday very soon, that beast will run out of gas?

We can only write a letter. You have the responsibility of making informed decisions that are kind to both humanity and the planet for decades to come.

- The Sustainable Reset Collective