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Ministry for the Environment

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Re: Submission on Aotearoa New Zealand's second emissions reduction plan (2026-30)

We need a government that is serious about tackling the climate emergency and will provide a credible plan for meeting our climate targets instead of kicking the can down the road

As one of the leading environmental Non-Governmental Organisations (eNGOs) in Aotearoa New Zealand, World Wide Fund for Nature – New Zealand (WWF-New Zealand) supports science-based, pragmatic solutions that can deliver a future where humanity lives in harmony with nature.

Scaling up and accelerating climate action in Aotearoa is essential and it is critical that we do this in ways that reduce gross emissions and support the recovery of our declining native species and ecosystems. We appreciate the opportunity to input into the development of New Zealand's second emissions reductions plan (ERP2). We support the continued development of robust and credible emissions reductions plans that provide a clear pathway for achieving a net zero emissions, climate resilient economy by 2050.

The draft ERP2, however, considerably lowers the ambition signalled in previous plans and creates more uncertainty about how we're going to meet our climate commitments under the Paris Agreement. Not having a credible picture of how New Zealand will deliver its climate commitments and goals presents significant risks to investors and export trade markets, and risks New Zealand falling wildly out of step with the rest of the world.

The Government's approach in ERP2 is to 'reduce net greenhouse gases at least cost' but this approach fails to acknowledge the huge and unavoidable longer-terms costs with inaction and/or delayed action in reducing source emissions. The draft ERP2 ensures that we will be transferring the burden of economic transformation to future generations, who will be dealing with the worsening effects of climate breakdown and for which we bear responsibility.

The overreliance on removals from exotic monocultural afforestation will not provide a long-term, climate-resilient, biodiverse and regenerative carbon sink necessary to meet Aotearoa New Zealand's climate obligations and biodiversity targets. The plan has prioritised relative short-term investment costs, but this will only delay investments and innovation in cost-effective low carbon technology. If this short-sighted plan is finalised, New Zealand will be subject to international scrutiny and criticism as "offsetting" fossil fuel emissions is increasingly viewed as "greenwashing".

Our key concerns with the draft ERP2 include:

- a lack of evidence to support a shift from a gross emissions reduction approach to a net emissions approach;
- lack of clarity about how government policy settings will ensure New Zealand meets its climate goals;
- its overreliance on exotic forestry for removal and lack of prioritisation of native restoration and native afforestation solutions;
- the omission of key commitments in Chapter 4 of ERP1 to prioritise nature-positive climate action and to tackle the biodiversity and climate crises in concert (including through Nature-based solutions); and
- the overreliance on unproven and untested solutions such as Carbon, Capture, Utilisation and Storage, and methane vaccines for emission reductions.

A climate strategy that doesn't add up – we must reduce source emissions to be credible

The undertakings in ERP2 shift the overall strategy away from a focus on gross emissions reductions to a net-based, least-cost approach without any evidence that this won't, in fact, lead to higher deferred costs to meet our targets in the future. The absence of policies to deliver gross emissions reductions puts at risk the transition to a low emissions economy, which will help New Zealand thrive over the medium to long-term. Without clear policy signals from the Government for achieving a low emissions economy, many New Zealand businesses risk losing access to certain international markets and competitive edge.

Reducing gross emissions is a pathway strongly recommended by the Intergovernmental Panel on Climate Change (IPCC), and New Zealand's Climate Change Commission, which advised the Government in April 2023 that the Emissions Trading Scheme (ETS) needs to signal a clear commitment to a specific level of gross emissions reductions. A net emissions approach that relies on a flawed ETS as the primary tool, delays agriculture pricing by five more years, over relies on forest carbon removals, and puts too much faith in untested and unproven technologies does not put Aotearoa on a stable and equitable pathway towards net zero by 2050.

WWF New Zealand recommendations:

- Reinstate the previous framework in ERP1 that has a clear pathway for reducing source emission reductions and balances that with overall net emission reductions.
- Amend the NZ ETS to drive appropriate balance of gross and net reductions.
- Include the full accounting of costs with delayed action in reducing gross emissions.
- Outline the risks and vulnerabilities for industry and investors if a credible plan for meeting our Paris Agreement commitments is not provided.
- Clarify how the Government's current policies to reverse the ban on oil and gas drilling and open further areas for coal mining will help Aotearoa to meet its climate goals.

Reliance on a dysfunctional ETS as the primary tool is a recipe for failure

For the ETS to function effectively, it needs both strong and certain government policy that clearly commits New Zealand to meeting its climate goals, as well as changes to drive a

gross over net emissions approach. At present, the ETS is not well set-up to drive gross emissions and inconsistent government policy is driving market uncertainty and causing auctions to fail. Changes to the ETS are needed to be able to continue to deliver a strong and stable signal over the long-term about the cost of emissions or the relative benefit of lower-emissions choices.

WWF New Zealand recommendations:

- Adjust the NZ ETS to drive an appropriate balance of gross and net emission reductions and align ETS settings with decreasing emissions budgets.
- Prioritise deep and rapid gross emissions reductions by 2030 to avoid locking in emissions-intensive choices with subsequent economic regrets.
- Amend the ETS to see the creation of a separate removals market that includes forestry and other removal modalities.
- Provide policy stability to improve functioning of the ETS through consensus building approaches.
- Investigate how indigenous biodiversity could be supported by the NZ ETS, including supporting long-term carbon sinks comprised of native species and ecosystems.

We need a clear path for tackling the twin crises of climate change and biodiversity loss and unlocking Nature-based Solutions (NbS)

We are encouraged to see recognition of the role that nature can play in our climate response through the inclusion of Nature-based Solutions in ERP2, but the draft plan does not provide an adequate level of detail about the actions in the near-term to meet this aspiration.

Adjustments are needed to New Zealand's climate policy settings, which currently encourage large-scale exotic afforestation over the restoration and planting of native forests. Exotic species like radiata pine sequester more carbon over the short-to medium-term, and cost less to establish initially; however, native tree species sequester more over the long-term and native forests provide significant benefits for biodiversity, communities, recreation and wider environmental outcomes.

The draft ERP2 needs to explicitly prioritise indigenous afforestation and restoration over exotic; include a credible plan for the restoration of non-forest ecosystem types (e.g. reef systems and kelp forests, rewetting peatlands and restoring wetlands); and adequately invest in key services like the Department of Conservation's browser and pest control that restore and maintain native forest health. There are over 10,000 hectares of dried and degraded peatlands on public conservation land and restoration of these is a significant opportunity to advance win-wins for biodiversity and climate change.

WWF New Zealand recommendations:

- Incorporate commitments from Chapter 4 'Working with Nature' in ERP1 to progress climate mitigation action in ways that avoid or minimise adverse impacts on nature and prioritise climate actions that also support biodiversity recovery (i.e. Nature-based Solutions).
- Prioritise indigenous afforestation and restoration over exotic afforestation.

- Include an actionable path for the restoration of non-forest ecosystem types (e.g. reef systems and kelp forests, rewetting peatlands and restoring wetlands).
- Properly fund key climate-positive functions held by the Department of Conservation, such as browser and pest control work, that will restore and protect native forest health.

Unproven and untested technology isn't going to save us – it is essential that we keep to the pace laid out in ERP1 for pricing of agricultural emissions in 2025

The draft plan relies on unproven and untested innovations such as Carbon, Capture, Utilisation and Storage (CCUS) and methane vaccines for future emissions reductions. Relying on these immature innovations for future emissions reductions is irresponsible and only further delays achieving emissions targets effectively and efficiently. Investing in CCUS is fundamentally about enabling fossil fuel use to carry on, when we should be actively working to phase it out. There are alternative technologies that are proven and viable today that would provide more certainty and credibility for emissions reductions. The Government should reconsider funding the Government Investment for Decarbonising Industry (GIDI) for incentivising companies to switch to lower-emissions approaches.

WWF New Zealand supports continued investment in proven methods for reducing agricultural biogenic methane emissions; however, it is irresponsible to further delay pricing of agricultural emissions by another five years while overestimating emissions reductions from unproven technologies.

WWF New Zealand recommendations:

- Invest in alternative technologies that are proven and commercially viable today rather than solely depending on ones that haven't yet proven to be effective and may not meet expected timelines.
- Price agricultural emissions by 2025 as laid out in ERP1.
- Broaden the suite of possible options for reducing agricultural biogenic methane emissions or consider appropriate price mechanism prior to 2030 to discourage the highest emitters.
- Reinstate the GIDI fund to support development of innovative decarbonisation technologies and approaches.