

Proposed Emissions Reduction Plan: A weak response to a weak target

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Simon Hales, Marnie Prickett, John Kerr, Sara Walton, Ralph Sims, Michael Baker



Summary

The government has released its second greenhouse gas 'Emissions Reduction Plan' for consultation. The proposed plan removes major policies developed by the previous government that were likely to be effective in reducing emissions. It relies instead on emissions trading and technological advances, the latter of which are highly speculative and uncertain. Even if the proposed policies are effective, overarching government policies in transport, agriculture and environment will lead to increased emissions so are working against the ERP2. As a result, Aotearoa New Zealand (NZ) is unlikely to meet its emission reduction target, and there will be negative consequences for our environment, population health and ultimately our economy. This Briefing summarises the weaknesses in the proposed approach to emissions reduction and suggests alternatives. Public submissions on the ERP2 are due by 25 August.

Introduction

The context for the second Emissions Reduction Plan (ERP2) is our international commitment under the Paris Climate Agreement (2016), the Nationally Determined Contribution (NDC). Our NDC means we have committed as a country to reducing net greenhouse gas emissions to 50% below gross 2005 levels by 2030 to support the international community's efforts to reduce the impact of climate change.¹

The NDC, endorsed by successive NZ Governments, relies on purchasing ~100 million tonnes of CO₂-equivalent offshore carbon credits to meet the target. This is a risky and potentially very expensive approach.² It is safer and preferable for the NDC to be met to a far greater degree from domestic emission reductions, which are more secure, measurable and verifiable. This being the case, the current domestic emissions reduction targets are not sufficiently ambitious.

The Climate Change Commission has already reviewed the proposed ERP2 and concluded that based on the current approach, Aotearoa is unlikely to meet its targets. The Commission warns that "there is an urgent need to strengthen policies and strategies to put Aotearoa New Zealand (NZ) on track" (see Appendix).

What does the proposed second Emission Reduction Plan include?

The proposed ERP2 contains a number of tactics that will delay clear decarbonisation targets and mechanisms to enable NZ to meet its emission targets. This is a high-risk strategy for the country as it will result in increased costs for the offsetting that will be needed.

It lacks ambition and the direction needed to create an appropriate environment for innovative, mitigation and adaptation policies. The suggested approach relies heavily on emissions trading, and is projected to be inadequate to achieve the domestic 2050 emissions targets.^{3,4} Transformational changes in social and political arrangements are required in order to achieve sufficient emissions reduction and a just transition.⁵

The main proposals for emissions reduction technologies are speculative and unproven. For example, the ERP2 assumes that carbon capture and storage (CCS) will be commercially

and technically viable from 2027 for gas production and from 2030 for the petrochemical industry. But CCS is many times more costly than reducing emissions in the first place.⁶ After 40 years of development, few CCS projects exist globally and storage of liquid CO₂ into deep oceans has been aborted.⁷ Yet the plan assumes this speculative technology will account for more than 30% of total emission reductions within a very few years.

In a similar vein, assumed reductions in methane from livestock may not eventuate. For dairy farming, it is assumed that methane inhibitors with 45% efficacy will become available in 2028 with peak adoption of 69% by 2041. This proposal is again extremely optimistic, as it is for other ruminant livestock. Delaying the pricing of agricultural emissions to 2030 in the emissions trading scheme, as put forward in the plan, will also make it harder to meet domestic emission targets and international commitments under the NDC.

Given a petrol or diesel vehicle purchased today will produce emissions over its 20 years or more lifetime, the removal of the Clean Car Discount will lead to a substantial increase in transport emissions, especially in the second and third emissions budgets. Investments in public transport may not be sufficient to offset increased emissions from road building outlined in the Government Policy Statement on Land Transport.

The plan mentions the restoration of wetlands as an example of a “nature-based solution” that could support emissions reduction. This is a worthwhile area to develop, however the government has introduced policy that would weaken protection of wetlands to allow for increased coal mining.⁸ These policy decisions undermine the idea of nature-based solutions as a potentially important pillar of emissions reduction.

What should be done?

Rather than the reductionist sector-by-sector approach proposed, we recommend adopting a whole-of-society approach to climate change policies. This direction would imply:

- Developing adaptation and mitigation policies together, with improved health and wellbeing as important considerations in determining the policy mix;
- allocating resources more equitably;
- reducing wasteful and ecologically unsustainable fossil fuel exploitation;
- promoting clean, efficient energy sources for heating, transportation, buildings and industry;^{9,10}
- strengthening vehicle emission standards;
- promoting active mode shift for transportation;
- promoting predominantly local plant-based agricultural production and diets, and
- protecting natural environments that buffer adverse climate impacts.

These measures would have substantial health co-benefits, while putting us on a path towards a just transition.¹¹

What this Briefing adds

- The NDC relies too heavily on offshore carbon credits and forest sinks to meet the required 50% reduction in greenhouse gas emissions by 2030.
- The ERP2 relies too heavily on emissions reduction technologies that are speculative and unproven.
- The ERP2 is inadequate to achieve the domestic 2050 emissions targets.

Implications for policy

- The ERP2 must be revised to be more realistic as well as more ambitious.
- We recommend adopting a broader, whole-of-society approach to climate change policies, taking into consideration synergies and tradeoffs between energy sources, transport, food production, diet and environmental protection.

Public submissions on the ERP2 are an important opportunity for input. They are due **by 25 August**, and can be made at the following site: <https://consult.environment.govt.nz/climate/second-emissions-reduction-plan/>

Authors details

Prof Simon Hales, Department of Public Health, University of Otago Wellington, and Public Health Communication Centre

Marnie Prickett, Department of Public Health, University of Otago Wellington, and Public Health Communication Centre

Dr John Kerr, Science Lead, Public Health Communication Centre, and Department of Public Health, University of Otago Wellington

Prof Sara Walton, Department of Management at the Otago Business School, University of Otago

Prof Ralph Sims, Emeritus Professor of Sustainable Energy and Climate Mitigation at Massey.

Prof Michael Baker, Department of Public Health, University of Otago Wellington, and Public Health Communication Centre

Appendix - Climate Change Commission review findings

The Climate Change Commission has recently concluded that the ERP2 is insufficient, and that:¹²

- ...more work is needed to meet the country's climate goals and international commitments, both of which have been endorsed by successive Governments with broad support...
- there is an urgent need to strengthen policies and strategies to put NZ on track to meet future emissions budgets.
- there are significant risks to meeting the second and third emissions budgets and the 2030 biogenic methane target. The agriculture and transport sectors show the largest risks
- ... insufficient action to reduce emissions in these sectors will put the second and third emissions budgets at risk. If there are insufficient reductions in gross emissions for the second emissions budget (2026–2030), this cannot be made up by increased removals of carbon dioxide through forestry.
- the New Zealand Emissions Trading Scheme (NZ ETS) is an essential part of an effective policy package for reducing emissions, but it cannot itself ensure the emissions budgets will be met.

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