



**Submission of Taituarā to
He Pou a Rangi Climate Change Commission
regarding the
*2021 Draft Advice for Consultation***

What is Taituarā?

Taituarā (formerly the New Zealand Society of Local Government Managers) thanks the Climate Change Commission (the Commission) for the opportunity to submit on the 2021 Draft Advice for Consultation (the advice).

Taituarā is a professional society of approximately 880 members made up of local government Chief Executives, senior managers, and council staff.¹ We are an apolitical organisation that can provide a wealth of knowledge of the local government sector and of the technical, practical, and managerial implications of legislation and policy.

Our vision is:

Professional local government management, leading staff and enabling communities to shape their future.

Our primary role is to help local authorities perform their roles and responsibilities as effectively and efficiently as possible. We have an interest in all aspects of the management of local authorities from the provision of advice to elected members, to the planning and delivery of services.

The Prime Minister has described climate change and the effects of climate change as “this generation’s nuclear free moment”. While we may not entirely agree with the rhetoric, we would unhesitatingly describe it as the most significant public policy issue of our time.

¹ As of 31 January 2021.

As the builder of, and advocate for, local communities our 78 local authorities are at the forefront of managing the impacts of climate change – reducing emissions is the most important step that the world can take to mitigate the impacts of climate change.

Taituarā welcomes the Commission’s draft advice. We focus on the policy recommendations as opposed to the budgets themselves. We generally concur with most of the recommendations, most of our submission raises matters of amplification and specific local government context. Reading the full though leaves us with the impression that the Commission needs to put these recommendations with more specificity and power. We return to these points throughout the remainder of the submission.

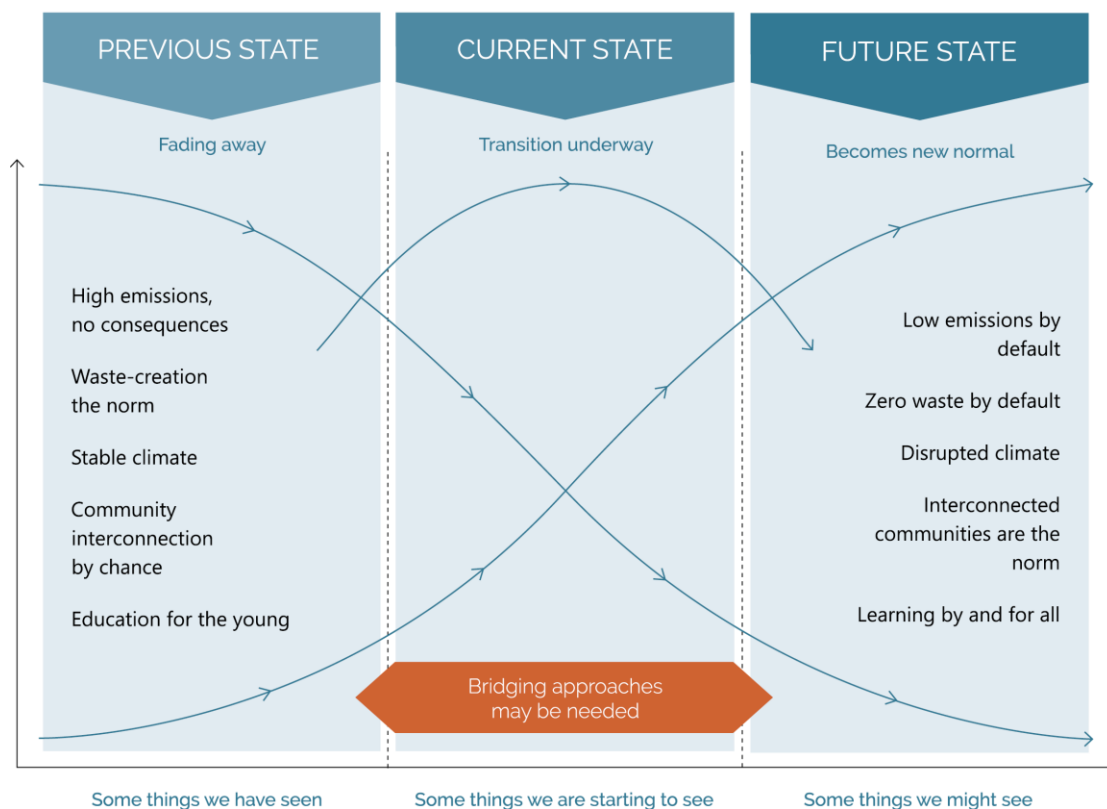
Incorporate a Critical Transitions Approach

“Some activities that take place across sectors, such as tourism have a large impact on emissions, but opportunities for reducing emissions are often not well understood due to their cross-cutting nature.”

The approach to transition taken in the draft advice and the approach to transition taken in ‘Navigating Critical 21st Century Transitions are broadly consistent. The draft advice makes useful linkage between the transition to a climate-resilient and low-emissions Aotearoa and other enabling transitions needed (e.g., waste reduction, ability to learn and relearn), and likewise that the draft advice repeatedly points out that the transition to a thriving, climate-resilient and low-emissions Aotearoa cuts across all other areas of society.

The Commission could be even more forthright in this area, specifically identifying, gathering up and foregrounding the other key transitions that are integral to the transition to low emissions living, as this will help to better frame the integrated nature of the change needed. Our 2019 report ‘Navigating Critical 21st Century Transitions’ may be a useful model in this instance. This report highlights five interconnected transitions (shown below) and encourages the sector to act in an integrated way across all transitions to accelerate the transition process.

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Taituarā recommends that Commission more explicitly a 3 Horizons approach more explicitly.² Such an approach

- helps to provide clarity about the bigger picture of what we are changing from, and what we are changing towards by bringing shifts in assumptions and systems to the surface
- clarifies the overall direction and destination, but at the same time, it does not assume there is only one path, or even that the best path is already known. It helps us all to head in the same direction, but it leaves space for new ways of getting to the destination to emerge
- allows us to have explicit conversations about whether our strategies and actions are based on assumptions founded in the way we have been organising ourselves up to now, or whether they are based on the assumptions we need for the future
- provides us with a frame for discussing how much effort and resource we should be putting into:
 - maintaining the status quo (the legacy of the previous state)
 - building infrastructure, services, and processes to bring the preferred future into being

² We refer to the Sharpe/Curry approach to Three Horizons, which is a powerful way of framing change. (It is not to be confused with the McKinsey's adaptation of the 'Three Horizons' approach, which is much more limited.)

- supporting the process of making the transitions. (In New Zealand, we have a long history of under-resourcing the practical, cognitive, and social aspects of making big shifts.)
- enables discussions to focus on *how* we make the transition from previous to future ways of doing things.

A 3 horizons approach also helps to manage the risk (intensified by the need to move faster) of getting locked into solutions that are better than today's (Horizon 1) practices but are not sufficiently transformative to take us to where we need to be in the future states (Horizon 3).

In a 3 Horizons model, it is easier to be explicit about which actions and solutions are intermediate transitional steps, that will lead us on a direct path, or create the groundwork for Horizon 3 (often labelled H2+), and those that are actions are the best short-term fix (H2-), so that we see them specifically as transitional and have exit strategies from them as an up-front part of the transition path.

It mitigates the risk that H2- actions and solutions get locked in and prevent or slow progress towards H3 and increases the focus on H2+ solutions that will act as stepping-stones to H3.

Just Transitions

Many of the levers for making the critical transitions are not in the hands of Local Government. Taituarā strongly supports the Commission's recommendations where they update and strengthen system settings in ways which will enable councils to accelerate the transitions.

The work of making transitions needs funding and resourcing – both creating the new systems and structures needed, and the actual processes of change. We under-resource the *process* of change. Resourcing the change process itself needs to be an integral part of any thinking about a 'just transition'.

This is touched on in 'Time-Critical Necessary Action 1: An equitable, inclusive, well-planned climate transition' but is only in relation to work transitions – we need to think more broadly about resourcing the process of change.

Skills

The fifth of our critical transitions is the transition to learning-empowered communities. This is the transition that supports people and communities to develop mindsets, approaches, tools, and techniques to make the other necessary transitions.

We therefore support the inclusion around the equipping of the workforce of the future for skills needed for accelerating the transition to the low emissions transition.

The recommendation under Necessary action 2 appears focused on vocational skills. While very important, New Zealanders will require a much wider set of what might be termed life and personal skills. For example, more frequent adverse weather events are likely to create additional needs for first aid skills. In situations where people might face sudden employment or life change a heightened personal resilience is also likely (for example communications, problem-solving, the ability to make realistic plans etc). The focus should be on learning skills not only on workforce skills.

Recommendation: Skills

- 1. That the Commission agree that Necessary Action 1, recommendation b be amended to focus also on life and personal skills necessary to support transition to a low emissions economy or the impact of such a transition**

Integrated Land Transport Strategy

Taituarā supports the suite of recommendations under necessary action 2 and an integrated national land transport strategy. Regarding recommendation Se) 'Further government encouragement for working from home arrangements', we suggest that there are other low carbon options other than 'working from home' which does not suit everyone, can be socially isolating and runs the risk of unintended consequences (e.g. more heating/cooling and lighting being used in more homes during the day). We note the opportunity here for local authorities to create or encourage networks of community hubs and hyper-local micro hubs for shared and communal working. This would support changing away from current high emissions patterns of commuting from suburbs to city centres, build social connections and strengthen communities. Creating this infrastructure would ideally be supported by increased funding from central government.

Recommendation: Integrated Land Transport Strategy

- 2. That the Commission agree that is its advice regarding working from home be expanded to include community hubs and hyper-local hubs for shared and communal working.**

Multi-sector Strategy

Taituara generally agrees with the cluster of recommendations under Necessary action 15. We consider that these are necessary conditions to set the table for a low emissions strategy or (in the case of recommendation e) securing a just transition.

Unifying the Public Service Response

Coming from a sector which has a single broad legislative mandate (promoting present and future wellbeing of communities) and responsibility for implanting around 40 pieces of legislation that are sector-specific we can only agree with the comments about siloed policymaking.

Climate change has or will have impacts on literally every aspect of life now or in the future. As a policy issue climate change suffers from a wide range of portfolio Ministers with interests and therefore a wide range of sectors with their fingers in the pie.

The agency assigned lead responsibility; the Ministry for the Environment is not well resourced. It is currently struggling to deal with two other major policy programmes (reform of the Resource Management Act and the Essential Freshwater programme). To advance the latter it had to draw on substantial resource from the local government sector. Bluntly, the Ministry is also not well regarded as a credible system leader. We also observe that having a single Chief Executive as the point of accountability will lead to the kind of crowding out that the Commission identifies.

There are mechanisms that will provide a greater degree of cross-agency accountability. The Public Service Act 200 allows for two new types of public sector entity – interdepartmental executive boards and interdepartmental joint ventures. Each is a means for advancing a cross departmental programme but the accountability for delivery of the programme outcomes rests jointly and severally with a group of Chief Executives rather than a single Chief Executive. A current example is the Border Executive Board (with accountability for border security including biosecurity and Covid-19) which has some six Chief Executives jointly

accountable for these outcomes. Loosely speaking, these bodies are the public sector equivalent of ad-hoc Ministerial Committees (such as the Three Waters Ministers).

Recommendation: Public Sector Response

- 3. That the Commission agree to recommend that the Government establish an interdepartmental executive board with responsibility for climate change as a *time-critical* action.**

Procurement

Recommendation d) in this same cluster of recommendations recommends that government procurement policies be amended to include climate change considerations. The first rule of government procurement is that central government agencies must adhere to the Government Procurement Charter including a requirement that agencies

"UNDERTAKE INITIATIVES TO CONTRIBUTE TO A LOW EMISSIONS ECONOMY AND PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY ð Ensure that economic and social development can be implemented on a sustainable basis³ with respect for the protection and preservation of the environment, reducing waste, carbon emissions and pollution."

Further, rule 20 requires local authorities to:

- support the procurement of low-waste and low-emissions goods and services and encourage innovation to significantly reduce emissions and waste impacts from goods and services
- have regard to guidance published by MBIE on the procurement of low-waste and low-emissions goods and services and
- conduct sufficient monitoring of designated contracts to ensure that commitments made in contracts are delivered and reported on.

We suggest that these requirements meet the majority of what the Commission is seeking. There is no requirement on local authorities to meet these obligations, though they are encouraged to.

Our observation is that more could be done to assist public sector agencies to implement this obligation. We are advised that some of the so-called all of government contracts include recognition, and we are aware that the MBIE website

³ Ministry of Business, Innovation and Employment, Government Procurement rules, downloaded from <https://www.procurement.govt.nz/procurement/principles-charter-and-rules/government-procurement-charter/> on 22 February 2021.

also links to advice on measuring emissions. Beyond this we have been unable to locate much further.

Our (admittedly brief) scan of a limited sample of the overseas literature reveals some common themes around procuring for climate change/emissions reduction outcomes:

- moving from least cost on acquisition to whole of life costs – though there are strong aspects of this in the rules and in local government practice though guidance on emissions factors appears weak
- moving to more strategic approaches to budgeting
- establishing multidisciplinary teams to establish whether a particular market can meet climate change outcomes, assess proposals, develop an RFP etc
- examination of existing barriers such as regulatory standards.

Recommendations: Procurement

- 4. That the Commission note that the NZ Government Procurement Rules require most central government agencies to support the procurement of low-waste and low-emissions goods and services and encourage innovation to significantly reduce emissions.**
- 5. That the Commission agree that it recommend more support from MBIE for resources to assist public sector agencies implement rules supporting the low-waste, low emissions good and services.**

Road Pricing

The Commission's recommended third necessary action provides a good example of the Commission's recommendations needing more depth and power.

Recommendation 3(f) recommends that the *"role of other pricing mechanisms beyond the NZ ETS, such as road pricing, can play in supporting the change to a low emissions and equitable system"*.

Taituarā, and the local government sector, have long been advocates of the use of road pricing. Sector support for road pricing dates to the 1993 joint Local Government New Zealand / Automobile Association / Road Transport Forum Submission *Land Transport Funding* that was the first cross-sectoral support for 24/7 road pricing.

This recommendation is soundly based in the principles of orthodox economics which holds that when users of a service face the true costs of their demand, they

demand only what they value. It is little different from the principles underpinning the NZETS.

The economist's dream is the 24/7 road pricing that uses transponder technology to set a price for road use that is based on time of day, type of vehicle location (even down to the road traversed) and time of year. For example, a journey in Auckland at 8.30am during the so-called "March madness" period might cost more than 6am on Christmas Day. It is not just a case of transport emissions coming on/from the congested routes and peak times – any vehicle is emitting GHGs at any time. This is the first best solution.

We understand there are eight cities around the world that currently have some form of congestion pricing in place and others where the tool has been tried and abandoned or considered and rejected. As far as we are aware the approaches have almost exclusively relied in automatic number plate recognition technology. There are a variety of approaches that might be employed. For example, a straight toll might be appropriate for Wellington where the number of roads in and out is limited but may not be so appropriate elsewhere. Cordon tolling might be more appropriate for a city such as Auckland where there are a range of areas that are congested.

Lessons from these initiatives have emphasised the importance of public engagement literally from the problem definition phase. The Commission has correctly identified that the use of revenues is a key issue, however the pricing is administered. Availability of convenient alternative modes of transport to private vehicles are a must-have. Privacy concerns are another key issue. In our time involved with these matters we have lost count of the number of times we have heard the same apocryphal story of the cheating spouse 'outed' by a bill for road travel.

The other lesson is not to underestimate the time involved in implementing road pricing of whatever form. As a transitional measure there may be an economic case for increasing the level of fuel excise and road user charges (though the political case will not be an easy sell).

The first economic literature around road pricing emerged in the 1950s. As far as we are aware Singapore introduced the first scheme in 1976. The sector has advocated for road pricing since 1993. Even at that time there was a recognition that this would rely on having the technology in place as the necessary pricing signals would see charging dependent on time of day, location, and the nature of the vehicle.

The technology is available and has been tested and proven reliable for road pricing purposes in overseas jurisdictions and as the basis for tolling on at least two of the three toll roads in this country. The D'Artagnan Consulting report concluded that

"Automatic Number Plate Recognition (ANPR) technology has lowered in cost and become much more reliable".⁴ Further it notes that Global Navigation Satellite System (GNSS) technology has matured to the point where it is being trialled for use to administer a time, location, and distance-based pricing in Singapore from 2020 and potentially in London soon after that.

In New Zealand, policy work on these matters has gone around in circles for a generation. That is no exaggeration – the first Land Transport Pricing Study was released in four parts between 1995-1996! We are aware that since 2006 there have been four road pricing studies done in Auckland alone.⁵ This is the classic example of '*analysis by paralysis*' and political '*kicking the can down the road*'.

The original pricing study did much of the analytical work to 'cost' the environmental and social externalities generated by road-use (though oddly we cannot recall it talking about time foregone due to congestion). That work would need to be updated, but there would be no need to reinvent any analytical wheels (pun intended).

We would also note that road pricing as a policy tool may go some way to meeting policy objectives in terms of health and safety, asset management and the other environmental impacts of road use (e.g., reducing road run off). Road pricing is one tool that would encourage a more sustainable urban form by encouraging intensification along transport routes, particularly around the key transport nodes (such as railway stations).

So, we would strongly recommend that the Commission be more direct in its recommendations in support of road-pricing. In our view, this is one of the biggest practical steps that can be taken to reduce the emissions that come from transport.

We accept that there would be significant lead time to enact the necessary legislation and acquire the necessary technology (including retrofitting any elements of the vehicle fleet that are retained as other of the Commission's recommendations are eliminated). We submit that getting the necessary legislation in place to enable pricing and coming to answer about the technological approach are both time-critical in the sense that they 'start the ball rolling'. From there matters such as regulations to require the fitting of all imported vehicles with the necessary transponder technology could then start.

⁴ D'Artagnan Consulting (2018), *Review of International Road Pricing Initiatives, Previous Reports and Technologies for Demand Management – Report for the Ministry of Transport* page 99.

⁵ D'Artagnan Consultants (2018), *Review of International Road Pricing Initiatives*, page 83.

More can be done to incorporate stronger pricing signals into the land transport system. Tolling of new and existing roads could be a useful intermediate step to full road pricing as both a revenue raising tool and a demand management tool. Section 46 of the Land Transport Management Act 2003 provides for road-tolling schemes on issuance of an order-in-council by the Governor-General (on the recommendation of the Minister of Transport). This means that road-controlling authorities can only toll a road if central government agrees to the proposal to toll.

At the time of writing there are three toll roads in operation in New Zealand: The Northern Gateway Toll Road north of Auckland, and the Tauranga Eastern Link Toll Road and the Takitimu Drive Toll Road, both in Tauranga. Historic use of tolling has been confined almost exclusively to bridges and has been characterised by excessive levels of political interference.⁶

This is obviously a stringent set of criteria to meet, coming on top of public consultation. It is no surprise that no local authority has ever managed to complete the process, and indeed we are not aware of any local authority outside of Wellington that has ever submitted one.

Moving to toll a network of strategic roads – for example, the major urban arterials where few practicable alternatives might be the appropriate place to start. Carefully handled, this would acclimatise people to the notion that they are paying to use the roads not just to build the physical infrastructure.

Lessons from overseas demonstrate two key lessons. That the alternative modes need to be available from 'day one' or objectives around modal shift may not be met i.e. the transport user must have something readily available to shift to. And linked to this that user acceptance is critical, and the key to this is having a credible and publicly accepted plan for the use of the funds.

As the Government makes more use of toll roads through to road pricing it will need to integrate its intended transition path with key planning documents such as the integrated transport strategy and as importantly the Government Policy Statement for land transport funding. Both will signal what additional investment in modes such as public transport, cycling and roading will be needed and when, while targeting government investment to these investments.

⁶ For example, the toll on Tauranga Harbour Bridge was removed as part of negotiations following the 2005 general election as the one of the conditions of a confidence and supply.

Recommendations: Road Pricing

- 6. That the Commission agree that the following be progressed as a *time-critical* action:**
 - a. final decisions on the technological approach for road pricing**
 - b. development of the legislation to support road pricing**
 - c. updating the research on the environmental and social costs of road use and**
 - d. identification of the next regulatory and practical steps to support road pricing in practice and that these steps be incorporated into the development of the integrated transport strategy and the Government Policy Statement on Land Transport Funding.**
- 7. That the Commission recommend that section 46 of the Land Transport Management Act be amended to permit tolling of existing road use subject to consultation with the public.**

Energy

Low Carbon Fuels

Taituarā supports Necessary Action 4: Increase the use of low carbon fuels for trains, ships, heavy trucks, and planes. As an adjunct to the decarbonising of shipping, Taituarā suggests that the Commission consider the opportunity for increased coastal shipping to provide transport of people and goods to small coastal settlements. Many of these are a long way by road from main routes and under disrupted climate it may become unsustainable to repeatedly restore roads that have repeat significant slip or wash-out events. There is the opportunity to shift to a 'beyond road' mental model for these settlements – where they would need to be able to sustain their own energy supplies and water treatment, and transport may be a mix of coastal shipping, drone delivery and autonomous robotic terrain walkers.

Electricity

In the context of the Critical Transition to Living in Disrupted Climate, Taituarā notes the importance of communities being able to generate their own low -emissions power as close to the point of use as possible. Under disrupted climate (higher winds, heavier snowfall, more severe frosts, increased flooding, slips and landslides) the current system of generating most of our energy in one location and

transporting it via power lines across the rest of the country is not going to be reliable or sustainable. In our view de-carbonising power sources and creating distributed power generation need to be tackled together.

Taituarā supports Action 5: Maximise the use of electricity as a low emissions fuel and strongly supports Step e) 'Enable more independent generation and distributed generation, especially for remote rural and Māori communities, and ensure access to capital for this purpose'. However, the Commission could go further and be bolder in its vision for widely distributed power generation, as not just for remote settlements, but as the fundamental approach for the country. (In 2018 alone, one storm which took down power lines in Auckland affected 180,000 homes and businesses.)

Recommendation 8: Electricity

- 8. That the Commission agree to extend its recommendations around distributed power generation to part of a wider national energy strategy.**

Investment Decision-making

"The first rule of government spending: don't fund what you don't want more of."

Richard Prebble
I've Been Thinking

Taituarā supports the cluster of recommendations under Time Critical Action 6: Align Investments to Climate Outcomes, although we note some of these actions are already underway.

Taituarā notes recommendation 6a calls for the publication of long-term abatement cost values based its analysis of likely real carbon prices. It may be implicit in the recommendation but Taituarā considers that the abatement values will need regular review if they are to send the right signals for investment. Local authorities are currently planning on a triennial cycle which suggests a minimum review frequency of once every three years (though once every year would be preferable)

Section 11 of the New Zealand Infrastructure Commission Te Waihanganga Act 2019 requires the Infrastructure Commission to *have regard to long-term trends that impact on, or are impacted by, infrastructure, including matters relating to the*

mitigation of the effects of climate change (including through reducing emissions of greenhouse gases) and adapting to the effects of climate change.

In other words, the Commission is statutorily bound to consider climate change as it provides advice to the Government on infrastructure projects. We do not believe the Commission is empowered to make decisions about investments itself – though it advises those who do. This recommendation needs to be directed to those Crown and local government agencies that are making significant capital investments: the New Zealand Transport Agency, education, health, and most, but not all local government entities.

Having said that, Taituarā notes that this is a complex requirement and that the Infrastructure Commission could usefully publish a framework, approach etc setting out how it plans to incorporate climate change into its framework. That would be a useful exemplar for other investment agencies to follow. The Infrastructure Commission might also usefully consider how it could work with others to disseminate its approach – perhaps in partnership with agencies like Skills and the local government sector agencies.

Taituarā notes recommendations d) and f) in this cluster call on the Government to develop plans to incentivise business to retire emissions intensive assets early and to mobilise private sector finance to support low emissions and climate resilient assets. We agree with these recommendations, but consider that the advice would carry more weight if it were supplemented with some overseas examples of these policies in practice.

We are aware that there are some discussions about private sector finance initiatives underway – but these are still in their infancy. We are also aware at least one council (Auckland) has issued one of the so-called Green bonds. The Commission might also consider whether the New Zealand Superannuation Fund could potentially play a role where such investment is made in expectation of a return.

Recommendations: Investment and Decision-Making

That the Commission

- 7. agree that recommendation 6a be amended to call for the publication and regular publication of long-term abatement values**
- 8. agree that the discussion supporting time critical recommendations 6c and 6d be amended by adding examples of the initiatives and incentives the Commission wishes to promote through these recommendations**
- 9. agree that time critical recommendation 6e be amended to empower the Infrastructure Commission to develop or procure training to support**

incorporation of climate change factors into its investment and decision-making framework

Emissions from Urban Form

Taituarā supports necessary action 10. This fits exactly with the future system characteristics envisaged by Taituarā:

- the frameworks determining land-use decisions put impact on emissions at the front of the decision-making process
- ensuring low emissions is a starting point and central consideration for the design of building and transport systems

Making explicit the responsibility for local authorities to take emission consequences into account in urban development and land use decisions, and transport and infrastructure investment is a critical part of the low-emissions system settings.

Both Necessary Action 9: 'Increase energy efficiency in buildings' and Necessary Action 10: 'Reduce emissions from urban form' both consider operational standards and Taituarā supports this. As well as considering operational standards, could these Necessary Actions also include consideration of construction waste, and lifecycle/end of life waste from buildings. It will be possible to track this at a much finer grain level in the future.

Waste

Taituarā strongly supports Necessary Action 13: Reduce emissions from waste. In relation to this action and Necessary Action 9 & 10, we suggest these actions also include consideration of alternative building materials and methods that are lower waste, more easily and efficiently recyclable.

A strong and consistent message from our engagement with members on the Critical Transitions has been the need to move the points of intervention up the waste hierarchy, reducing the amount of waste that can flow down, rather than the bulk of the focus being on recyclability and diversion from landfill. Local authorities have no control over what comes into the country, but currently have responsibility for dealing with it on disposal. Taituarā supports extending and strengthening product stewardship and notes an ideal future state where 'Everything that enters the country has to have a sustainable path for its life-cycle as a condition of its entry.'

Taituarā notes the risk that some current and emergent resource recovery initiatives could lock in resource recovery as an enduring solution (H2-) rather than reducing the amount of disposal (H3).

Taituarā supports Step e) Legislating for and funding coordinated data collection across the waste industry before 31 December 2022. Lack of standardised and sufficiently granular waste data is an issue for the Local Government sector.

Financial Disclosure of Climate Related Risk

Few could reasonably argue that local authorities do not make significant investments on behalf of the public. These investments will increasingly be to promote resilience to the impacts of climate change, as well as being affected by policy and legislative means to mitigate climate change (for example e.g., the impact of the ETS on the cost of emitting GHGs from waste and wastewater management facilities).

The focus of climate change financial disclosures for private sector entities is on the risk of business failure such as insolvency. The risks are not generally the same for most public sector entities, instead their stakeholders are more interested in the risks from climate change to public services – both financial and non-financial. Cabinet recognised the different intervention logic when it decided last year not to apply the proposed climate change regime to the public sector.⁷

Taituarā therefore agrees with Necessary Action 17a that would extend any disclosures regime to the public sector. We submit that there should be an element of ‘horses for courses’ in the regime as local authority accountability already meets many of the requirements, at least in part.

Section 101A of the Local Government Act requires local authorities to prepare a financial strategy and identify any significant factor that drives the financial forecasts over the life of the strategy. It would be difficult for most local authorities to credibly argue that climate change is not one of these.

Similarly, section 101B of that same Act requires local authorities to prepare a 30-year infrastructure strategy that sets out how the local authority intends to manage its infrastructure assets, considering the need to—

- (a) renew or replace existing assets
- (b) respond to growth or decline in the demand for services reliant on those assets

⁷ Cabinet was advised the regulations under section 5ZX or a request for information under section 5ZW of the Climate Change Response Act 2002 were the best means of ‘customising’ disclosures for the public sector.

- (c) allow for planned increases or decreases in levels of service provided through those assets
- (d) maintain or improve public health and environmental outcomes or mitigate adverse effects on them
- (e) provide for the resilience of infrastructure assets by identifying and managing risks relating to natural hazards and by making appropriate financial provision for those risks.

Except for item (b) in the list of drivers above, climate change will have an impact on each of the others but especially items (c) to (e) i.e., levels of service, environmental outcomes, and resilience to natural hazards. This includes detailed financial projections for the 30 years, supported by detail asset management plans and a prospective audit.

There is something of a 'gap' in the mandatory coverage of these provisions in that disclosure of programmes, costs and risks for the three waters infrastructure, roads and footpaths, and flood protection infrastructure. To meet the TCFD requirements would require extension to all other infrastructure, especially community infrastructure. Local authorities are also subject to one of the more rigorous long-term and planning business regimes in existence in the public sector, here or anywhere else.

Necessary Action 17b) requiring the disclosures by financial institutions of the emissions enabled by loans. Public sector entities also make loans and other financial provisions that enable economic development. For example, central government made approximately \$3 billion through the so-called Provincial Growth Fund. Some local authorities operate policies for the remission and postponement of rates and development contributions for economic development, and the Covid stimulus expenditures.⁸ Requiring disclosure of the emissions will ensure that the emissions profile of their policy decisions is considered in policy design.

Recommendations: Financial Disclosures of Climate Related-Risks

That:

- 10. the Commission agree that it add commentary to its report noting that local authorities already provide much of the information that would be required by a regime of climate change related disclosures and**
- 11. the Commission note that local authorities also make some loans that enable economic development.**

⁸ While we agree with the sentiments expressed under Time-Critical Action 6c around covid stimulus – we cannot help but observe that many of these horses have bolted.

