

# Strategy and Planning Committee Agenda

## 12 November 2020



Meeting is held in the Council Chamber, Level 2, Philip Laing House  
144 Rattray Street, Dunedin

### Members:

Cr Gretchen Robertson, Co-Chair	Hon Cr Marian Hobbs
Cr Kate Wilson, Co-Chair	Cr Carmen Hope
Cr Hilary Calvert	Cr Gary Kelliher
Dr Lyn Carter	Cr Michael Laws
Cr Michael Deaker	Cr Kevin Malcolm
Mr Edward Ellison	Cr Andrew Noone
Cr Alexa Forbes	Cr Bryan Scott

Senior Officer: Sarah Gardner, Chief Executive

Meeting Support: Liz Spector, Committee Secretary

12 November 2020 01:00 PM

## Agenda Topic

Page

### 1. APOLOGIES

An apology has been received from Councillor Carmen Hope.

### 2. CONFIRMATION OF AGENDA

Note: Any additions must be approved by resolution with an explanation as to why they cannot be delayed until a future meeting.

### 3. CONFLICT OF INTEREST

Members are reminded of the need to stand aside from decision-making when a conflict arises between their role as an elected representative and any private or other external interest they might have.

### 4. PUBLIC FORUM

No requests to address the Committee under Public Forum were received prior to publication of the agenda.

### 5. PRESENTATIONS

- 5.1 Councillors Noone and Robertson will update the Committee on recent activity of the Land and Water Regional Plan Governance Group (LWRPGG)

### 6. CONFIRMATION OF MINUTES

The Committee will consider the minutes of the 9 September 2020 meeting are a true and accurate record, with or without corrections.

- 6.1 [Minutes of the 9 September 2020 Strategy and Planning Committee](#)

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	This report is provided to clarify likely implications on the current year's work programmes and budgets as a result of additional resourcing requirements due to the National Policy Statement for Freshwater Management 2020 (NPSFM)	
8.3	<a href="#">OTAGO GREENHOUSE GAS EMISSION INVENTORY BY DISTRICT</a>	20
	This report is provided to update the Committee on work towards ORC's commitment to undertake a regional emissions assessment in 2020/21.	
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8.4	<a href="#">AVENUES FOR INVESTMENT IN COVID-19 RECOVERY</a>	30
	This report is provided to assist the ORC with responses to COVID-19 recovery proposals.	
9.	CLOSURE	



Minutes of a meeting of the Strategy and Planning Committee  
held in the Council Chamber on Wednesday 9 September 2020 at  
1:00 pm

**Membership**

Cr Gretchen Robertson (Co-Chair)  
Cr Kate Wilson (Co-Chair)  
Cr Hilary Calvert  
Dr Lyn Carter  
Cr Michael Deaker  
Mr Edward Ellison  
Cr Alexa Forbes  
Hon Cr Marian Hobbs  
Cr Carmen Hope  
Cr Gary Kelliher  
Cr Michael Laws  
Cr Kevin Malcolm  
Cr Andrew Noone  
Cr Bryan Scott

**Welcome**

Co-Chair Gretchen Robertson welcomed Councillors, members of the public and staff to the meeting at 1:00 p.m.

Staff present included: Sarah Gardner (Chief Executive Officer), Nick Donnelly (GM Corporate Services), Gwyneth Elsum (GM Strategy, Policy and Science), Gavin Palmer (GM Operations), Richard Saunders (GM Regulatory), Amanda Vercoe (Executive Advisor), Anne Duncan, via Zoom, (Manager Strategy), Anita Dawe, via Zoom (Manager Policy and Planning), Sylvie Leduc (Senior Strategic Analyst), Kyle Balderston (Team Leader Urban Growth and Development), Lisa Hawkins (Team Leader RPS, Air and Coast) and Liz Spector (Committee Secretary).

*For our future*

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## 1. APOLOGIES

### Resolution

*That the apologies for Cr Laws, Cr Malcolm be accepted.*

Moved: Cr Hope  
Seconded: Cr Wilson  
CARRIED

## 2. CONFIRMATION OF AGENDA

The agenda was confirmed as published.

## 3. CONFLICT OF INTEREST

No conflicts of interest were advised.

## 4. PUBLIC FORUM

No public forum was held.

## 5. CONFIRMATION OF MINUTES

### Resolution

*That the minutes of the meeting held on 8 July 2020 be received and confirmed as a true and accurate record.*

Moved: Cr Wilson  
Seconded: Cr Hope  
CARRIED

## 6. ACTIONS

Outstanding actions of the committee were reviewed with staff.

## 7. PRESENTATION

### 7.1. Cr Noone to update the meeting on the Land and Water Plan Reference Group

Cr Noone updated the meeting about work underway with the Land and Water Plan Reference Group. He noted an options and issues paper will be brought to the Strategy and Planning committee for governance level discussions at a future meeting.

## 8. MATTERS FOR COUNCIL DECISION

### 8.1. Community Outcomes 2021-2031

Community outcomes were drafted in a workshop with Councillors on 28 May 2020. The outcomes were then consulted on through an online survey available between 23 June and 6 July 2020, as part of preparation for drafting ORC's Long-Term Plan 2021-2031. A summary of the consultation built into the revised Community Outcome Statements was provided to the Committee members.

Gwyneth Elsum (GM Strategy, Policy and Science) Sylvie Leduc (Senior Strategic Analyst) and Anne Duncan (Manager Strategy, via Zoom) were available to speak to the report and respond to questions. The Committee members asked questions and considered which option they preferred. After discussion, they settled on option 2 with the ORC committing to actively

promote community awareness and appreciation of Mātauranga Kāi Tahu and Kāi Tahu's worldview by incorporating it into reports, plans and community engagement. Cr Scott indicated he was strongly in favour of the ORC using dual language on all of its signage, including vehicles, and site signage throughout the region. Cr Scott asked Mr Ellison if he thought this was a good idea. Mr Ellison said it was a reasonable aspiration and many organisations, including the University of Otago, had begun using dual-language signs. Chief Executive Gardner said staff are currently having these conversations internally and will do more study on how to implement and inform the LTP.

Following further discussion, Cr Deaker moved:

#### Resolution

*That the Council:*

- 1) **Receives** this report.
- 2) **Approves** the proposed changes to the draft community outcomes in Option 2 to refocus the mana whenua outcome and strengthen its commitment to incorporate Mātauranga Kāi Tahu in its decision-making in its Strategic Directions document.

Moved: Cr Deaker

Seconded: Cr Scott

CARRIED

#### 8.2. Urban Work Programme

The report was provided to obtain feedback from committee members on options for a proposed high-level work programme in response to new legislation. The National Policy Statement on Urban Development requires that ORC jointly develop with the relevant territorial authorities specific assessments and strategies, produce annual implementation plans for that strategy, undertake monitoring of a range of housing and business market indicators at least quarterly, and report on those indicators at least annually.

Gwyneth Elsum (GM Strategy, Policy and Science) and Kyle Balderston (Team Leader Urban Growth and Development) were present to respond to questions on the report. Mr Balderston said option 1 was more internally focused than the other two options and was about getting the ORC better prepared for new activities. He said option 2 was slightly more externally focused and involved informing local TAs of issues the ORC has determined should be considered in terms of urban development and involves working together in a platform of regional cooperation and discussion. He said the third option went further, involving creation of a regional spatial plan which could be challenging given the pressure councils, including ORC are already under to meet current commitments.

After an in-depth discussion of the options, Cr Hobbs moved:

#### Resolution

*That the Council:*

- 1) **Receives** this report.

**2) Adopts** a recommendation to pursue Option 1 with the ability to further develop Option 2-plus in collaboration with TAs and iwi partners for an outcome by 2024 to meet the Future Development Strategies deadline;

**3) Notes** the requirement under the NPSUD to jointly develop Housing Building Assessments and Future Development Strategies and monitor and report on implementation requires a significant increase in ORCs involvement and investment in these processes at a technical level, and the required relationships with TA's, including at a governance level;

**4) Notes** that detailed resourcing required to deliver the recommended Option will be presented as part of the forthcoming LTP 2021-2031 development process.

Moved: Cr Hobbs  
Seconded: Cr Calvert  
CARRIED

## 9. MATTERS FOR NOTING

### 9.1. National Policy Statement on Urban Development 2020

The report was provided to advise the Committee of the recently gazetted National Policy Statement on Urban Development 2020 (NPS-UD).

Kyle Balderston (Team Leader Urban Growth and Development) spoke to the report and responded to questions. He stated the NPS-UD is quite different than the initial discussion document, notably, defining urban environments more broadly, removing the rule requiring minimum level of car parks, and adding an essential requirement to work with the local territorial authorities to ensure a well-functioning environment. After an extensive discussion, Cr Calvert moved:

#### Resolution

*That the Council:*

- 1) **Notes** this report.

Moved: Cr Calvert  
Seconded: Cr Hope  
CARRIED

*Cr Deaker left the meeting at 02:11 pm.*

*Cr Deaker returned to the meeting at 02:14 pm.*

*Cr Forbes left the meeting at 02:18 pm.*

*Cr Forbes returned to the meeting at 02:21 pm.*

### 9.2. RPS Reference Group Summary and Update

The report was provided to summarise input received from the RPS reference group meetings and to provide draft policy direction on each topic, along with an update on the RPS programme to the Committee.

Lisa Hawkins (Team Leader RPS, Air and Coast) provided an overview of the paper's key points and responded to questions. Ms Hawkins said issues raised through the reference groups will be reviewed in the following day's workshop. She noted it had been a positive process with staff getting good input from all participants. Ms Hawkins said the feedback has assisted the RPS team in working towards a final draft of the RPS ready for pre-notification consultation. She said the reference group participants indicated willingness to be involved in the work going forward.

After a general discussion of the paper, Cr Wilson moved:

#### **Resolution**

*That the Council:*

- 1) **Receives** this report.
- 2) **Notes** the attached Reference Group Summary Report.
- 3) **Notes** the key steps for the RPS programme.

Moved: Cr Wilson  
Seconded: Cr Noone  
CARRIED

#### **10. CLOSURE**

There was no further business and Co-Chair Robertson declared the meeting closed at 02:41 pm.

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Date

## Action Register – Strategy & Planning Committee

Meeting Date	Document	Item No.	Item	Status	Action Required	Assignee/s	Action Taken	Due Date	Completed (Overdue)
22/01/2020	Strategy and Planning Committee 2020.01.22	8.1	P&S1812 Manuherekia River Resource Assessment report	In Progress	Report back on options for potential remedial actions from the Chief Executive, e.g. Thomsons Creek (E. coli), where appropriate as significant diversions or risks were revealed in the current report.	Gwyneth Elsum	<p><b>30/07/2020</b></p> <p>Stage 1 - propose framework prioritisation of remedial actions - due November 2020</p> <p><b>30/07/2020</b></p> <p>Stage 2 - Apply framework to the Manuherekia - due January/February 2021.</p> <p><b>2/11/2020</b></p> <p>Report on framework for prioritisation of resources for Manuherekia/Thomsons Creek Action will be presented to Council at its 9 December 2020 meeting.</p>	28/02/2021	



### 8.1. ORC's Science Approach for the Land and Water Regional Plan

<b>Prepared for:</b>	Strategy and Planning Committee
<b>Report No.</b>	P&S1886
<b>Activity:</b>	Environmental: Land, Environmental: Water
<b>Authors:</b>	Jason Augspurger, Senior Scientist Water Quality; Amir Levy, Groundwater Scientist; Rachel Ozanne, Environmental Resource Scientist; and Pete Ravenscroft, Team Leader Biodiversity
<b>Endorsed by:</b>	Gwyneth Elsum, General Manager Strategy, Policy and Science
<b>Date:</b>	12 November 2020

#### PURPOSE

- [1] To provide an overview on the proposed science approach for the Land and Water Regional Plan (LWRP).

#### EXECUTIVE SUMMARY

- [2] Otago Regional Council (ORC) must notify a new, NPSFM compliant, Land and Water Regional Plan (LWRP) by 31 December 2023.
- [3] To develop an approach capable of delivering scientifically robust background information across all of Otago within a three-year timeframe, the science and policy teams have grouped the FMUs into 4 categories based on issues and values. These categories fall on a continuum of information needs and are:
1. Catchments with generally low hydrological modification, high water quality & high values (Catlins FMU and Upper Clutha Rohe (Mata-Au FMU))
  2. Mostly smaller coastal catchments with impacts on water quality from urban uses (Dunedin Coastal FMU)
  3. Catchments with either high hydrological modification or degraded water quality (Dunstan Rohe (Mata-Au FMU), Roxburgh Rohe (Mata-Au FMU), and Lower Clutha Rohe (Mata-Au FMU))
  4. Catchments with very complex hydrology and diverse pressures on competing values (Taieri FMU, North Otago FMU, and Clutha/Mata-Au main stem (Mata-Au FMU))
- [4] To meet background information demands for all of Otago within a 3-year timeframe, staff propose using regional level models to fill information gaps enabling precautionary planning in Category 1 and 2 FMUs and low-use areas within Category 3 FMUs, whereas catchment specific models are used to provide information for Category 4 FMU.
- [5] The design of question specific studies for all catchments in Otago is considered the most robust approach for determining environmental limits. However, the science approach proposed in this paper recognises that the timeframe for notifying the new LWRP does not allow for these studies to be undertaken in all catchments.
- [6] This approach is referred to as a regional level precautionary approach and was presented to the Land and Water Regional Plan Governance group on 24 August 2020. The LWRP Governance Group supported this approach in principle.

## RECOMMENDATION

*That the Committee:*

- 1) **Receives** this report.
- 2) **Notes** the proposed science approach for the LWRP outlined in this paper.

## BACKGROUND

### Planning Context

- [7] In May 2019 the Minister for the Environment, Hon. David Parker, engaged Honorary Professor Peter Skelton to undertake a review of the ORC's functions and planning framework under Section 24A of the RMA. The focus of this review was to investigate whether ORC is on track to adequately perform its functions under the RMA, in relation to freshwater management and allocation of freshwater; and whether it has an appropriate planning framework in place that gives effect to the relevant legislation.
- [8] The Minister concluded from the Skelton Report that the ORC's current framework for managing freshwater resources within the Otago region is not fit for purpose and not in line with current national directions. Consequently, the Minister recommended that ORC must notify a new Water Plan (WRP) by 31 December 2023.
- [9] In accordance with section 67 of the RMA, a regional plan must give effect to any national policy statement (NPS), including the relevant NPS for Freshwater Management (NPSFM) at the time.<sup>[1]</sup> Pursuant to RMA section 66 the plan must also give effect to the Regional Policy Statement (RPS). A review of the RPS was commenced in November 2019, and a proposed new RPS is scheduled to be notified by June 2021.<sup>[2]</sup> As part of this RPS review long-term visions for each of the region's Freshwater Management Units (FMUs) are being developed in accordance with the relevant NPSFM requirements.
- [10] The Land and Water Regional Plan (LWRP) will require establishing values and environmental outcomes (to be included in the LWRP as objectives). Under the NPSFM, the LWRP also requires the setting of environmental flows/levels, attribute states, take limits and limits on resource use (e.g., minimum flows, allocation, nutrient concentrations, etc.) to provide for the environmental outcomes established under the NPSFM's National Objectives Framework (NOF).
- [11] Compulsory values are set out in the NPSFM which must be provided for through the setting of environmental outcomes, attribute states and limits. These compulsory values are ecosystem health (comprised of water quality, quantity, habitat, aquatic life, and ecological processes), human contact, threatened species and mahinga kai. Alongside limits which protect these compulsory values, councils will also need to add additional objectives which protect values defined by the community in each FMU.

### Limit Setting

- [12] In order to set limits, three things are generally required for each attribute: 1. Current state in relation to community outcomes (and NOF band where relevant); 2. Natural state of the attribute; and 3. Likely response of the attribute to change (change relationship).
1. Where current state provides for community outcomes, and meets NPSFM requirements, natural state and change relationships may not be required as limits can be set to reflect current conditions.
  2. Where change is required to meet community outcomes, or NOF bottom lines, natural state provides an upper bound on what can be achieved, while the change relationship allows assessment of potential outcomes under different scenarios.

**Issue**

- [13] Setting limits without sufficient background information may lead to overly permissive, or restrictive, limits resulting in the potential for poor cultural, environmental, economic and social outcomes. As a result, robust scientific information is required to support limit setting.
- [14] ORC’s current approach to providing question specific, detailed catchment and sub-catchment level information, cannot be completed for all attributes, in all catchments, within a 3-year notification timeframe.
- [15] This timeframe poses a significant set of challenges such as limited ability to collect data to fill gaps, address data issues, and limited time to build understanding if additional resourcing is allocated. As a result, any proposed approach will primarily be constrained to existing information (one-off, short term studies could be conducted).
- [16] An approach which leverages existing datasets and knowledge to provide background information capable of informing the limit setting process within three years is needed.

**DISCUSSION**

- [17] To develop an approach capable of delivering scientifically robust information within a three-year timeframe, the science and policy teams have grouped the FMUs into 4 categories based on degree of modification from natural state (e.g., use and hydrological complexity) and values. These categories fall on a continuum of information needs (Figure 1).
- [18] FMUs in Categories 1 and 2, and some areas within Category 3, FMUs have lower levels of competing values (e.g., Intensification vs. Natural character) and often have a higher degree of “naturalness”. In many locations, environmentally precautionary limits, which maintain the status quo, may be appropriate (and potentially required under the NPSFM in order to maintain or enhance the environment).
- [19] Category 4 FMUs, and areas of Category 3, typically have high levels of competing demands and thus more detailed information is required to establish limits.

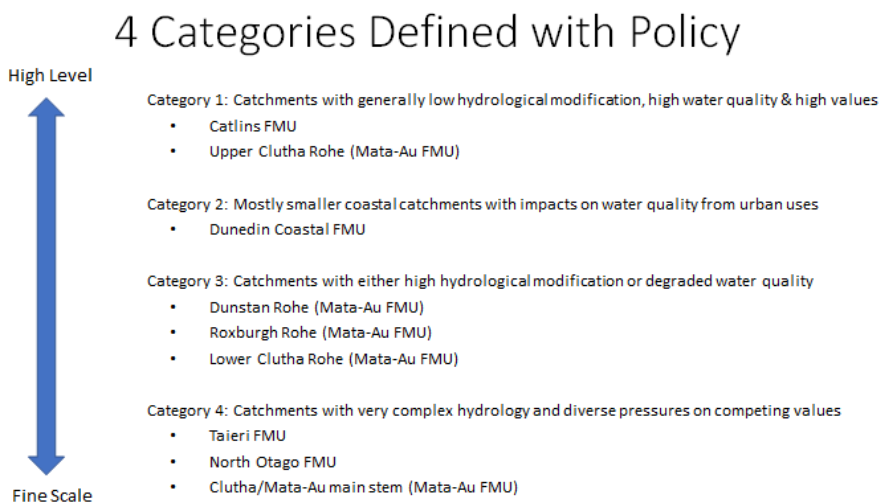


Figure 1: FMU categories defined with the policy based on level of competing values.

- [20] ORC views the project working from two directions:

1. Category 1, 2 and areas within Category 3 FMUs (where resource use is low, e.g., Shotover, Nevis) will be based on regional modelling.
  2. Whereas Category 4 FMUs and high use areas within Category 3 FMUs (e.g., Lowburn, Pomahaka), will be based on more detailed, catchment specific modelling (Figure 2).
- [21] Regional modelling can be completed relatively rapidly, and provide results on reach level, but has a higher level of uncertainty which will require precautionary planning/limits.
- [22] Detailed, catchment specific models created to answer specific questions provide lower levels of uncertainty but are relatively time consuming (and costly) to develop (Figure 2). These models also require data on a finer spatial scale than the regional level models and resemble the approaches currently used by ORC (e.g., Arrow, Cardrona, Manuherekia).

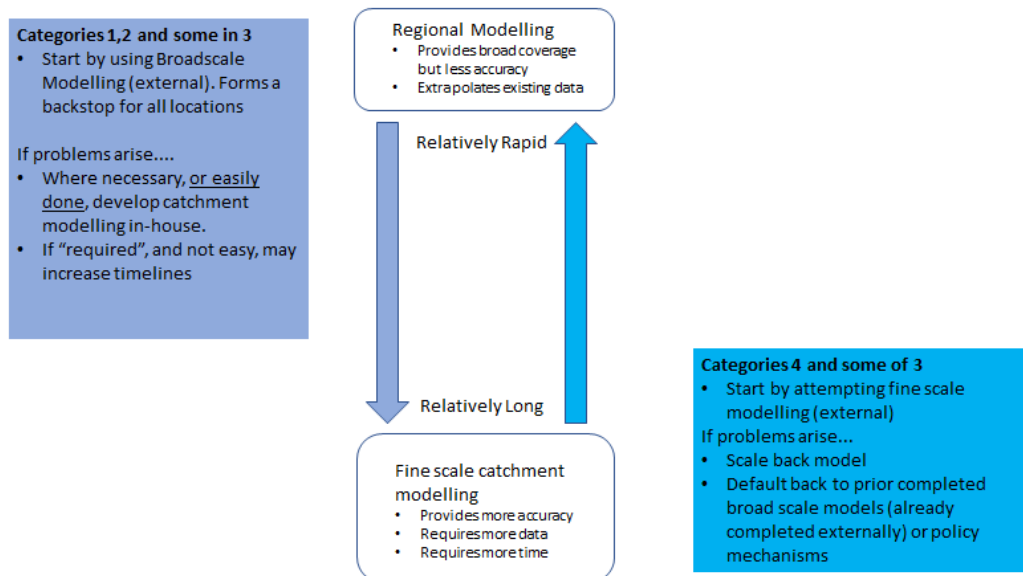


Figure 2: Process for categories in relation to regional and fine-scale modelling.

**Phasing**

- [23] The project will be comprised of three phases to enable a staged approach where information for categories 1 and 2 is provided early on (year 1) whereas category 3 and 4 FMUs will utilise the full timeframe available while still allowing for plan drafting.
1. Regional models to provide an information backstop across Otago and scoping of catchment specific models (year 1).
  2. Catchment specific modelling to provide detailed modelling for catchments in category 4 and high use areas of category 3 (year 2).
  3. State of environment network review to ensure the state of environment network represents the different environment types across Otago and FMUs (year 3).
- [24] The network review will also include monitoring programmes for the objectives set out in the new LWRP. This will provide a fit for purpose monitoring network under the new NPSFM (2020 or later) and LWRP moving forward.

## CONSIDERATIONS

### Policy Considerations

- [25] Refer to paragraph 6.

### Financial Considerations

- [26] Stage one is likely to cost approximately \$200,000 to complete regional level modelling and detailed model scoping for Category 4 catchments. Total cost of stage two will be better understood after models have been fully scoped. However, based on the experience of Manuherekiā, the costs are likely to be substantial to fully cover the Category 4 modelling.

### Significance and Engagement

- [27] The new LWRP and development of FMU specific provisions will trigger ORC's Significance and Engagement Policy (SEP) as this project is likely to have potentially significant impacts on industry and sector groups, agencies, environmental groups and local communities across the Otago region and beyond. Because the LWRP will go through full public notification, it will satisfy the requirements of the SEP and no additional consultation will be required.
- [28] At least two consultation stages are planned for the FMU delivery process. During the first phase consultation is undertaken with key stakeholders, local communities and the wider public to identify community values and get a better understanding of community aspirations. This consultation stage can also assist with filling some information gaps through sharing local knowledge, anecdotal or experiential information or data collected by stakeholders. Consultation on management scenario options (including options for setting limits, target attribute states and environmental flows/levels) takes place during a second consultation phase. During this phase information supporting the setting limits, target attribute states and environmental flows/levels will be shared with the community.

### Legislative Considerations

- [29] In accordance with section 80A of the RMA, ORC must notify a regional plan that gives effect to the NPS-FM 2020 by 31 December 2024. However, following a review of the Otago Regional Council's (ORC) functions and planning framework under Section 24A of the RMA, the Minister for the Environment, Hon. David Parker, recommended that ORC Otago Regional Council (ORC) must notify a new Otago Land and Water Regional Plan (LWRP) by 31 December 2023. The Otago Regional Council has accepted this recommendation.

### Risk Considerations

- [30] This type of approach has risks in both stakeholder acceptance and timeframes/delivery. In terms of suitability, the risk occurs along a continuum. For FMUs within Category 1, 2 and for some parts of FMUs within Category 3, precautionary limits based on broadscale modelling may not be acceptable to all stakeholders.
- [31] For Category 4 FMUs, the development of catchment specific models often takes time, is costly, requires filling data and information gaps, and may have delays due to unknowns (e.g., unforeseen data issues or unpredicted community values) resulting in the model not being completed within the required timeframe.
- [32] To mitigate these risks, detailed modelling will be used, instead of the broadscale model for Category 1, 2 and low use areas within Category 3 FMUs, where detailed modelling

already exists or can easily be completed. For Category 4 FMUs, the models will be scoped to provide information on the scale requested. However, existing data limitations and timeframe constraints may result in these models being scaled back to be completed by the date required for policy drafting.

- [33] Where detailed models are required and unavailable, setting precautionary limits without sufficient background information may lead to overly restrictive limits resulting in the potential for poor economic and social outcomes. Limits can be revised through future plan changes when more information becomes available.
- [34] Catchments can be moved into different categories in response to the process, however this will change the associated timeframes for delivery which will highly constrain this perceived flexibility.
- [35] In terms of timeframe/delivery risk, this approach is highly constrained by existing datasets, unknowns in both data and objectives, limit expert availability and the ability to fill any gaps within the required timeframe. When combined with precautionary planning mechanisms, this approach will be scientifically defensible and is intended to provide information for setting limits on compulsory ecosystem health attributes within a 2-3 year timeframe.
- [36] There are still significant unknowns in relation to the planning process and information required (e.g., what provisions may be included for land and what objectives will be set). As a result, the approach will not cover all information required but form an information foundation for ecosystem health attributes.

#### **NEXT STEPS**

- [37] The next steps are to implement the approach outlined above over the next three years.

#### **ATTACHMENTS**

Nil

## 8.2. Overall Implications of Essential Freshwater Reforms

<b>Prepared for:</b>	Strategy and Planning Committee
<b>Report No.</b>	P&S1884
<b>Activity:</b>	Governance Report
<b>Author:</b>	Anita Dawe, Manager, Policy and Planning
<b>Endorsed by:</b>	Gwyneth Elsum, General Manager Strategy, Policy and Science
<b>Date:</b>	12 November 2020

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### PURPOSE

- [1] To understand the implications on work programmes and budgets for the current financial year, as a result of the National Policy Statement for Freshwater Management 2020 (NPSFM).

### EXECUTIVE SUMMARY

- [2] A package of regulatory reform, including a National Policy Statement for Freshwater Management 2020, a National Environmental Standard for Freshwater, and Section 360 Resource Management Act regulations, was released in August this year, and took effect from 3 September 2020.
- [3] Much of the implementation of these new regulations will be provided for in the Long Term Plan budgets however there are some aspects that require more immediate action, and that are unplanned and unbudgeted and therefore require Council approval for additional resources.

### RECOMMENDATION

*That the Council:*

- 1) **Receives** this report.
- 2) **Notes** the additional resources required to start implementing the NPS FM.
- 3) **Notes** the additional expenditure required for the 2020/21 financial year.
- 4) **Notes** that any additional resource implications will be addressed as part of the Long Term Plan.

### BACKGROUND

- [4] The Essential Freshwater package of regulatory reforms, released in August and having effect from 3 September, imposes obligations on regional councils in relation to land and freshwater management.
- [5] Staff brought a paper to Council on 26 August 2020 that broadly outlined the implications of the regulatory reform, as well as a request from the Regulatory Group for additional resources to enable implementation of the National Environmental Standard for Freshwater (NESFW).
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- [6] As part of that item, staff indicated they would come back, if there were any additional resourcing requirements beyond those identified by the Regulatory Group, that needed to be provided for in the current financial year.

#### **ISSUE**

- [7] The Essential Freshwater reforms have created additional work programmes and resourcing requirements for the current financial year, that are both unplanned and unbudgeted. As agreed at the meeting on the 26 August 2020, staff are advising Council of the additional resourcing requirements in the 2020/21 financial year to ensure effective and efficient implementation.

#### **DISCUSSION**

- [8] Staff from across the organisation have undertaken an assessment of the likely implications in the current year's budget and work programme, to understand if additional resourcing is required in 2020/21 to start implementing the Essential Freshwater Package.
- [9] The table below outlines the additional resources required in the current financial year. The resourcing covers Communications, Policy, Science, Monitoring, Rural Liaison and Biodiversity, Compliance and Consents, and is in addition to the resources already approved for the Regulatory Team to implement the NESFW.



Area	What	Comment	When	Resources
<b>Policy</b>	Iwi Engagement	No particular resources required outside of partnership agreement with Aukaha.	From 3 Sept and ongoing	None.
	Alignment with NPSFM/NES	Analysis of NPS and NES against Regional Plan Water (RPW).	As soon as resources available	Will require external consultant to do analysis against existing RPW. Budget estimate \$30,000.
		Plan Change may be required to remove aspects of RPW or insert provisions for alignment.		If Plan Change(s) required, can be done in Year 1 of LTP.
	Freshwater Visions	Requires external facilitator support; Significant staff resources; Preparation of comms material; Facility bookings.	Occurring October and November 2020	Unplanned and unbudgeted; Council approval for the freshwater vision process 26 August 2020. Budget variation \$26,000 plus staff time.
<b>Science and Environmental Monitoring</b>	Wetlands Mapping	More detailed inventory of baseline wetlands information; Monitoring programme land or aerial based; Start ground truthing programme.	As soon as possible	Science team will scope this programme, as capability comes onboard in December. Consultants may be used. Budget impact estimate \$100,000. Unplanned and unbudgeted.
	Estuary Monitoring	A representative estuary monitoring network and programme is required <sup>1</sup> . Will provide information required under the NPS FM and the NZCPS.	Summer 2020/21 and ongoing	Consultant support required. Budget impact \$90,000.

<sup>1</sup> Refer to Data & Information Committee paper *Proposed Estuary Monitoring Programme* (14 October 2020)

	Fish passage: notifications	Requirement in NPSFM for Councils to be receiving notifications of fish passage & programme of works required.	From 3 September	Information campaign to be accommodated within current budgets.
	Fish passage: Protection of desired fish species, their life stages and their habitat.	Science Team will scope a programme that includes fish surveys, fish passage and connectivity projects. An inventory of all instream structures, monitoring, impact and risk assessment, and remedial programmes are required.	From 3 September	Budget impact estimate is \$100,000. This will likely include consultants and working with DOC and Fish and Game. Science & Environmental Monitoring Teams will scope this programme and undertake fish surveys.
<b>TOTAL</b>				<b>\$346,000</b>

Table 1 : Organisational Resourcing Implications for this financial year to implement Essential Freshwater.

- [10] The resourcing identified in Table 1 will ensure that ORC starts implementing those parts of the Essential Freshwater package that require either immediate action or need to commence to establish baseline data sets.

### OPTIONS

- [11] The options are to either commence giving effect to Essential Freshwater package as soon as possible, by directing staff to undertake the work programmes identified above, or to delay and include everything in the Long Term Plan budget.

### CONSIDERATIONS

#### Policy Considerations

- [12] The above work items are consistent with ORC's policy position and seek to commence giving effect to the recent freshwater reforms.

#### Financial Considerations

- [13] The work items are not budgeted and starting work on them will likely result in over-expenditure at the end of the financial year, particularly in the Strategy, Policy and Science Group.

**Significance and Engagement**

- [14] There are no immediate implications that might require exercising the Significance and Engagement Policy.

**Legislative Considerations**

- [15] The actions outlined above will ensure ORC is giving effect to the freshwater reforms as soon as possible. This will ensure our regulatory plans, actions, and work programmes are consistent with the relevant higher order documents.

**Risk Considerations**

- [16] There are risks associated with not commencing the work outlined in terms of not having the appropriate monitoring information available to inform policy decisions, creating unnecessary complexity in plans, and putting staff and the community under additional pressure by not commencing work as soon as possible.

**NEXT STEPS**

- [17] The next steps are to action the above work items, in as timely a manner as possible.

**ATTACHMENTS**

Nil

### 8.3. Otago Greenhouse Gas Emission Inventory by District

<b>Prepared for:</b>	Strategy and Planning Committee
<b>Report No.</b>	P&S1880
<b>Activity:</b>	Governance Report
<b>Author:</b>	Anne Duncan, Manager Strategy and Ann Yang, Senior Economist
<b>Endorsed by:</b>	Gwyneth Elsum, General Manager Strategy, Policy and Science
<b>Date:</b>	12 November 2020

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#### PURPOSE

- [1] To update the Committee on work being undertaken towards ORC's commitment to do a regional emissions assessment in 2020/21.

#### EXECUTIVE SUMMARY

- [2] ORC has completed procurement and is in the process of appointing a consultant to undertake the ***Otago Region Greenhouse Gas (GHG) emission inventory by district***.
- [3] The ***Otago Region Greenhouse Gas (GHG) emission inventory by district*** report will be drafted between November 2020 and March 2021 with data input from all Otago district councils.
- [4] The background research on the methods of GHG accounting and New Zealand providers of the service, which was necessary to inform the procurement process, is attached for information.
- [5] All five Otago district councils have been consulted and expressed willingness to collaborate with ORC. Dunedin City Council and Queenstown Lakes District Council have completed district level inventory reports and have agreed for ORC to integrate this data into the region-wide report. Waitaki, Clutha and Central Otago Districts have agreed to provide the required data.

#### RECOMMENDATIONS

*That the Committee:*

- 1) ***Receives this report.***
- 2) ***Notes that a draft report is expected to be completed by March 2021 and the final report is expected to be completed by April 2021.***

#### BACKGROUND

- [6] Globally, anthropogenic (human-induced) greenhouse gases are measured at a national and regional level by central/local governments, NGOs and researchers. Measurement of GHG emissions is necessary to understand the scale of the issue for a region, identify sources of emissions, and inform mitigation and adaptation efforts and target setting.

- [7] ORC's Annual Plan (2020/2021, p.9) set out that, 'Assessment work to be completed on greenhouse gas emissions ... for the Otago region'.

## DISCUSSION

- [8] ORC received 6 proposals to undertake the inventory as part of a recent request (RFP), and is in the process of contracting the successful party to carry out the work.
- [9] Data from all Districts is necessary to provide a complete regional picture. While some District Councils are well resourced and progressed in relation to climate change others are less so.
- [10] To ensure participation by all Districts councils, ORC has delayed the work programme to facilitate the ability of each Council to provide data to inform the inventory. As a result, the timeframe for completion of the inventory is longer than first anticipated but it will nevertheless be delivered within the timeframe of the financial year as identified in the Annual Plan.
- [11] Understanding the region's GHG emission profile is the first step towards effective mitigation and could form the basis of future regional collaboration and any advocacy or other appropriate action by ORC on behalf of the region.

## CONSIDERATIONS

### Policy Considerations

New Zealand's International targets<sup>1</sup>

- 5 per cent reduction below 1990 gross emissions for the period 2013-2020.
- 30 per cent reduction below 2005 (or 11 per cent below 1990) gross emissions for the period 2021-2030.

New Zealand's Domestic targets<sup>2</sup>

- Net zero emissions of all greenhouse gases other than biogenic methane by 2050.
- 24 to 47 per cent below 2017 biogenic methane emissions by 2050, including 10 per cent below 2017 biogenic methane emissions by 2030.

### Financial Considerations

- [12] The cost of the inventory report is expected to be \$40,000 - 50,000 and is provided for within the Annual Plan budget.

### Significance and Engagement

- [13] The Otago Region GHG inventory report is to fulfil ORC's Annual Plan (2019-2020) commitment and was consulted on as part of the Annual Plan process.
- [14] The Strategy Team has further consulted with Otago's five district councils and has received their support in developing the region wide GHG inventory report.

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<sup>1</sup> <https://www.mfe.govt.nz/climate-change/climate-change-and-government/emissions-reduction-targets/about-our-emissions>

<sup>2</sup> <https://www.mfe.govt.nz/climate-change/climate-change-and-government/emissions-reduction-targets/about-our-emissions>

**Legislative Considerations**

- [15] There is currently no requirement for councils to develop a regional GHG inventory; there are no formal NZ specific guidelines for the development of regional inventories; emission reduction target setting is also currently voluntary<sup>3</sup>.

**Risk Considerations**

- [16] Climate change as a result of GHG emissions is a significant risk for Otago but subject to a high degree of uncertainty. Understanding the regional GHG footprint is an important first stage in improving ability to assess the risk for the region.

**NEXT STEPS**

- [17] The next steps are:
- a. To manage the inventory project to completion by April 2021.
  - b. Meet with District Councils to discuss the regional inventory report when complete. Matters to be discussed might include:
    - i. Assessing the need for advocacy on behalf of the region.
    - ii. Identifying knowledge gaps for further cooperative regional action/funding.
    - iii. Community education and information needs.
    - iv. Developing a regional Emission Master Plan for any emissions which are of regional scale.

**ATTACHMENTS**

1. Regional GHG Inventory Methods Memo [8.3.1 - 7 pages]

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<sup>3</sup> Ministry for Environment staff pers comm., Jul 2020

## Otago Regional Council

### Memo

<b>To:</b>	Anne Duncan
<b>From:</b>	Ann Yang
<b>cc:</b>	Jean-Luc Payan
<b>Date:</b>	20/08/2020
<b>Re:</b>	Greenhouse Gas inventorying methods and potential service providers

#### **Purpose**

Globally, anthropogenic (human-induced) greenhouse gases (GHG) are measured at a national and regional level by central/local governments, NGOs and researchers to understand the scale of the issue; identify sources of emissions; inform mitigation and adaptation effort; and set emission reduction targets.

The Otago Regional Council (ORC) is proposing to carry out a region wide GHG emission accounting task. This memo introduces the different GHG emission estimation methods and information about GHG inventory reporting providers in New Zealand. The aim is to inform ORC and potentially Otago district councils for decision-making on choosing an appropriate GHG emission accounting method and service provider.

#### **Findings**

Three different GHG emission inventory methods were found; territorial, production and consumption. These three methods have different focuses; use different datasets; and yield different results. The mostly widely-used and MfE recommended method – Global Protocol for Community-Scale Greenhouse Gas Emissions Inventories (GPC) – is a mixed method of production-based and consumption-based accounting.

Two main service providers, AECOM and Tonkin+Taylor, along with a few smaller firms were found in New Zealand. AECOM has the most experience in GHG emission accounting with local governments with DCC being one of their clients, while T+T had assisted ORC with the climate change risk assessment and has done Queenstown-Lakes' GHG emission report for QLDC.

Some related topics are briefly discussed in the Appendices.

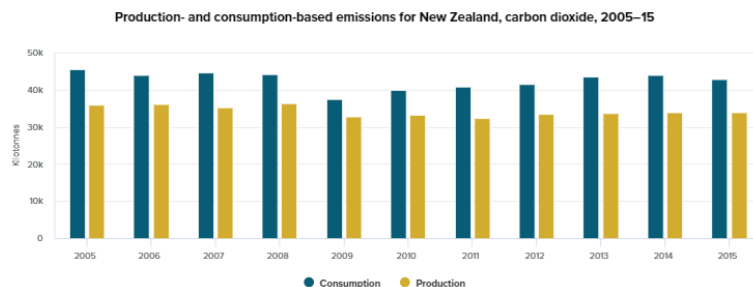
- The background of New Zealand's international commitment history can be found in Appendix A
- New Zealand's GHG emission reduction targets can be found in Appendix B
- Some examples of New Zealand regional GHG emission reduction targets can be found in Appendix C
- Examples of GHG emission reduction methods can be found in Appendix D

### GHG emission accounting methods

According to the EU Environment Agency (2013)<sup>[1]</sup>, there are three accounting perspectives: territorial, production and consumption. There are also other accounting methods that are related to or adopted from the three methods.

The territorial perspective is adopted by the United Nations Framework Convention on Climate Change (UNFCCC, see Appendix A for more information) as its official method for its member countries national inventory reporting; production-based emissions accounting is currently favoured by national statistics departments (e.g., Stats New Zealand); scientific literature and NGOs seem to favour consumption-based accounting. One of the examples of the ‘mixed method’ is the widely applied Global Protocol for Community-Scale Greenhouse Gas Emissions Inventories (GPC), which mainly measures GHG emission from production perspective, with elements of energy consumption.

Because different methods focus on different emission sectors; use different datasets and accounting methods, the outcome of the resulting inventory will be different. The figure below is an example of the difference in total emission measurement between production- and consumption-based methods for New Zealand between 2005 and 2015 provided by OECD through Stats New Zealand.



Source: <https://www.stats.govt.nz/information-releases/environmental-economic-accounts-2019-data-to-2017>

### The territorial approach

*The territorial perspective considers emissions that are released to the atmosphere from within a country's borders and from areas that are under a country's jurisdiction. This perspective is the only method accepted by international environmental law to account for a country's emissions and mitigation efforts (EU Environment Agency, 2013).*

New Zealand's Greenhouse Gas Inventory<sup>[2]</sup> uses this approach. The inventory is the official annual report of all anthropogenic (human-induced) emissions and removals of greenhouse gases in New Zealand; it measures New Zealand's progress against obligations under the UNFCCC and the Kyoto Protocol; it is the official basis for measuring New Zealand's progress towards its international emissions reduction targets. This inventory report covers seven direct GHGs<sup>[3]</sup> and the gases are reported under five sectors: Energy, Industrial Processes and Product Use (IPPU), Agriculture, Land Use, Land-Use Change and Forestry (LULUCF) and Waste.



### **The production (residency) approach**

The production perspective considers emissions from companies and households that have their economic interest within the economic territory of the country (known as being 'resident') irrespective of the geographic location where their activities take place. This approach follows UN's System of Environmental Economic Accounting (SEEA); it is a legal basis for reporting of environmental economic accounts in the EU (EU Environment Agency, 2013).

Statistics NZ's national and regional greenhouse gas emissions statistics<sup>[4]</sup> uses this approach. Currently Stats NZ's smallest geographic unit is regional council level. Under this method, emissions may be allocated to a region even if the emitting occurred elsewhere. Statistics NZ's data does not include international aviation, international shipping and land use, land use change, and forestry (LULUCF) emissions.

### **The consumption approach**

*The consumption perspective considers those emissions that result from the national consumption of goods and services within a country, irrespective of the geographic location where production of these goods and services result in emissions* (EU Environment Agency, 2013).

A true consumption-based emission accounting would include all imported emissions. It is based on a full life-cycle analysis of the emissions generated by the production, shipping, use, and disposal of each product consumed in the Area, regardless of where the GHG emissions were released to the atmosphere<sup>[5]</sup>.

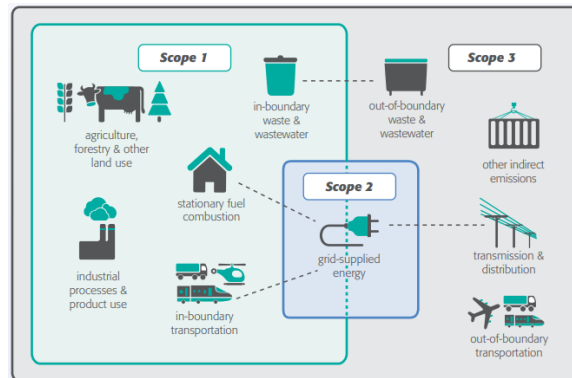
### **Mixed approaches**

The above discussed methods sometimes are mixed to meet different purposes. For example, sometimes mistaken as a pure consumption-based approach (e.g., Dahal and Niemelä, 2017)<sup>[6]</sup>, the GPC mainly measures GHG emission from a production perspective, but includes elements of energy consumption (including electricity and travel but no other goods and services).

This approach is developed and endorsed by the network of the World's 40 Megacities (C40 group), the World Resources Institute (WRI) and local Governments for Sustainability (ICLEI). MfE's online document *Measuring Emissions Guide* (p7) suggests that 'users seeking guidance on preparing a regional inventory should refer to the [GHG Protocol for Community-scale Greenhouse Gas Emission Inventories](#)'.

GPC is suggested to be the world's most widely endorsed GHG accounting and reporting standard, that conforms with IPCC national guidelines, for cities<sup>[7]</sup>. In 2016, 92% of Fortune 500 companies used GPC directly or indirectly through a program based on GHG Protocol. Through their commitment to the Global Covenant of Mayors (previously known as Compact of Mayors<sup>[8],[9]</sup>) hundreds of cities globally have committed to using the GHG Protocol for Cities, including Dunedin, Auckland, Christchurch, Rotorua Lake, Wellington and New Plymouth. Tauranga reports its GHG emissions using consumption-based measurements.

The GPC standard outlines three scopes for emissions calculation standards. Scope 1 is like the territory-based technique; it covers emissions from sources located within the city boundaries. Scope 2 includes grid-supplied energy which may or may not be located in the area. Scope 3 measures emissions that occur outside the city boundary as a result of activities taking place within the city<sup>[10]</sup> (e.g., waste).



Source: [https://ghgprotocol.org/sites/default/files/standards/GHGP\\_GPC\\_0.pdf](https://ghgprotocol.org/sites/default/files/standards/GHGP_GPC_0.pdf)

### Potential GHG inventory reporting service providers

1. AECOM. An international consulting firm; NZ HQ in Wellington. AECOM provides GPC or customised GHG inventory reporting (Hume[11] pers comm., Jul 2020). AECOM has undertaken GPC type inventory reporting for a number of New Zealand regions including Auckland, Waitaki, Palmerston North, Tauranga, Wellington, Christchurch, Dunedin and Southland.
2. Tonkin + Taylor. T+T is an environmental and engineering consultancy, with offices in New Zealand, Australia, Malaysia and the wider Asia Pacific region. T+T has done ORC's climate change risk assessment for Otago. In terms of experience, T+T have done one community level GHG inventory reporting for Queenstown-Lakes commissioned by QLDC. James Hughes (T+T's Technical Director: climate change and resilience) suggested that he used to work for AECOM and personally has done a number of inventories for local governments, including Auckland and DCC's 2015 report (Hughes pers comm., August 2020).
3. DETA consulting. Christchurch-based DETA specialises in GHG emission reduction (Smit[12] pers comm., Aug 2020) and have no experience in GHG emission accounting on a regional level. DETA is working with QLDC for Queenstown-Lakes district GHG reduction projects.
4. Ahika is a Dunedin based consulting firm that has some experience in GHG emission accounting for industrial processors and international business, and may not have experience in community GHG emission accounting (McGinty[13] pers comm., Aug 2020).

## **Appendix A - Background<sup>[14]</sup>**

In 1992, New Zealand has adopted the United Nations Framework Convention on Climate Change (UNFCCC). The framework is an international environment treaty amongst its 197 membership (as at 2015) with the objective of 'stable greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system'. The framework sets non-binding limits on greenhouse gas emissions for its members and contains no enforcement mechanisms.

In 2002, New Zealand ratified the Kyoto Protocol and have agreed to its first-round targets. Kyoto Protocol is a subsidiary agreement under the UNFCCC. The Protocol's committed developed countries to GHG emissions reduction targets for the first commitment period of the Kyoto Protocol (2008-2012). New Zealand's obligations under the Kyoto Protocol include:

- a responsibility emissions reduction target for the first commitment period (2008-2012) to reduce greenhouse gas emissions to their 1990 levels. New Zealand has met this target.
- submitting an annual inventory of greenhouse gas emissions to the UNFCCC.

In 2016, New Zealand ratified the Doha Amendment to the Kyoto Protocol. The amendment establishes a second commitment period under the Kyoto Protocol (2013-2020). However, New Zealand did not agree the reduction target set in the Amendment. The Amendment has not entered into force due to the lack of accepting parties. In 2009, instead of following the Kyoto Protocol emissions reduction target for 2013-2020, New Zealand took an emission target under the UNFCCC.

In 2016, New Zealand ratified the Paris Agreement - the new global agreement on climate change – under the UNFCCC. The agreement commits all countries to act on climate change; it entered into force in 2016 and will take effect from 2020. Under the United Nations Framework Convention on Climate Change (UNFCCC) and Kyoto Protocol agreements, New Zealand and other signatory countries have agreed to reduce their human-induced greenhouse gas emissions (emissions). The global goal of the Kyoto Protocol is to reduce emissions to five per cent below 1990 levels using agreed rules.

Each country commits to emissions reductions in relation to their 1990 levels and must report annually on its emissions for the following economic sectors:

- energy
- industrial processes and other product use
- agriculture
- land use and forestry
- waste

## **Appendix B - New Zealand's emissions reduction targets<sup>[15]</sup>**

International targets

- 5 per cent reduction below 1990 gross emissions for the period 2013-2020

- 30 per cent reduction below 2005 (or 11 per cent below 1990) gross emissions for the period 2021-2030.

Domestic targets

- net zero emissions of all greenhouse gases other than biogenic methane by 2050
- 24 to 47 per cent below 2017 biogenic methane emissions by 2050, including 10 per cent below 2017 biogenic methane emissions by 2030.

**Appendix C - Regional targets**

There is currently no requirement for local government to develop a regional GHG inventory; there are currently no formal NZ specific guidelines for the development of regional inventories; emission reduction target setting is also voluntary (MfE staff pers comm., Jul 2020; no reference of mandatory requirements from central government was found).

Some examples of city emission reduction targets:

- Dunedin City<sup>[16]</sup>:

*‘The city’s target is to reduce Dunedin’s carbon emissions to net zero by 2030. That means we need to minimize greenhouse gas emissions from all sources over time, and offset the remaining emissions, mainly by planting forests.’*

- Wellington<sup>[17]</sup>:
- Other

City Climate Plan	Sectors Requiring Emissions Reductions
Copenhagen climate plan	Energy consumption (7%), energy production (74%), green mobility (11%), city initiatives (6%), and city administration (2%).
Stockholm climate road map	90% emissions reductions from traffic by 2020 and 100% by 2025, and 88% direct and 90% supplemental emissions reductions from district heating by 2050.
Helsinki climate road map	Reduction requires from all sectors. However, current distribution is; 60% emissions from heating, 20% from electricity consumption, 18% from transportation, and 2% from waste management.

Source: Dahal and Niemelä, 2017

**Appendix D - Climate change mitigation methods**

Briefly, compensation, offsetting and taxation are the usual methods (Dahal and Niemelä, 2017). The compensation method involves creating carbon sinks (e.g., greenways, parks, gardens, green roofs, woodlands, waterways, community farms, forests, and wilderness areas) (Chen 2015 cited in Dahal and Niemelä, 2017) and by producing renewable energy (Carbon Neutral, 2016 cited in Dahal and Niemelä, 2017). For example, Copenhagen included emissions compensation from wind production (Dahal and Niemelä, 2017).

Carbon offsetting consists of selling carbon credits through various measures, such as renewable energy, reforestation, and resource conservation (Carbon Neutral, 2016 cited in Dahal and Niemelä, 2017). New Zealand’s emission trading scheme is one such example.

Lastly, carbon tax or congestion taxes are sometimes used to incentivise transportation emission reductions. Some states in the USA and Europe have implemented such measures (Dahal and Niemelä, 2017).

[1]<https://www.eea.europa.eu/publications/european-union-co2-emissions-accounting>

[2]<https://www.mfe.govt.nz/sites/default/files/media/Climate%20Change/nz-greenhouse-gas-inventory-2019.pdf>

[3] carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF<sub>6</sub>) and nitrogen trifluoride (NF<sub>3</sub>). Indirect GHGs are also included.

[4]<https://www.stats.govt.nz/information-releases/greenhouse-gas-emissions-by-region-industry-and-household-year-ended-2018>

[5]<https://www.baaqmd.gov/about-air-quality/research-and-data/emission-inventory/consumption-based-ghg-emissions-inventory#:~:text=The%20consumption%2Dbased%20inventory%20is%20based%20on%20a%20full%20life,were%20released%20to%20the%20atmosphere.>

[6][https://www.researchgate.net/publication/315759528\\_Cities'\\_Greenhouse\\_Gas\\_Accounting\\_Methods\\_A\\_Study\\_of\\_Helsinki\\_Stockholm\\_and\\_Copenhagen](https://www.researchgate.net/publication/315759528_Cities'_Greenhouse_Gas_Accounting_Methods_A_Study_of_Helsinki_Stockholm_and_Copenhagen)

[7]<https://www.wri.org/events/2014/12/launch-global-protocol-community-scale-greenhouse-gas>

[8] An international agreement by mayors and other city officials to publicly commit to deep GHG emissions reductions; it was launched in 2014, at the UN Secretary General's Climate Summit in New York City by the **C40** and endorsed by UN-Habitat, UN Secretary General's Special Envoy for Cities and Climate Change, UN Secretary General's Climate Change Support Team. 447 cities, representing 390,761,581 people worldwide and 5.39% of the total global population, have committed to the Compact of Mayors. <https://www.uclg.org/en/node/23789>

[9] Dunedin joined the movement in 2015. The movement requires the joint city to develop, adopt, and regularly report on the following: a community-scale GHG emission inventory; an assessment of climate risks and vulnerabilities; ambitious, measurable and time-bound target(s) to reduce/avoid GHG emissions; and a formally adopted plan(s) addressing climate change mitigation/low emission development, climate resilience and adaptation, and access to sustainable energy. The DCC has so far completed an emissions inventory, climate risks and vulnerability assessment and has set reduction targets for the city (DCC update on the Climate Change Work Programme)

[10][https://ghgprotocol.org/sites/default/files/standards/GHGP\\_GPC\\_0.pdf](https://ghgprotocol.org/sites/default/files/standards/GHGP_GPC_0.pdf)

[11] Anthony Hume is AECOM's Team Leader Sustainability and Resilience Consultant

[12] Jeff Smit is a director of DETA consulting.

[13] Lloyd McGinty is Ahika's director of energy management

[14][https://en.wikipedia.org/wiki/United\\_Nations\\_Framework\\_Convention\\_on\\_Climate\\_Change](https://en.wikipedia.org/wiki/United_Nations_Framework_Convention_on_Climate_Change); <https://www.mfe.govt.nz/climate-change/why-climate-change-matters/global-response/new-zealand-and-united-nations-framework>; <https://www.mfe.govt.nz/climate-change/why-climate-change-matters/global-response/new-zealands-role>

[15]<https://www.mfe.govt.nz/climate-change/climate-change-and-government/emissions-reduction-targets>

[16]<https://www.dunedin.govt.nz/council/council-projects/waste-futures/carbon-emission-reduction>

[17]<https://wellington.govt.nz/services/environment-and-waste/environment/climate-change/greenhouse-gas-emission-reduction-targets>

#### 8.4. Avenues for Investment in COVID-19 Recovery

<b>Prepared for:</b>	Strategy and Planning Committee
<b>Report No.</b>	GOV1953
<b>Activity:</b>	Governance Report
<b>Author:</b>	Sarah Gardner, Chief Executive & Marianna Brook, Senior Advisor – Mayoral Forum
<b>Endorsed by:</b>	Sarah Gardner, Chief Executive
<b>Date:</b>	4 November 2020

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#### PURPOSE

- [1] To assist the Otago Regional Council to respond to COVID-19 recovery proposals.

#### EXECUTIVE SUMMARY

- [2] COVID-19 impacts have seen an unprecedented government response to economic disruption, including a more than \$1.0 billion Crown investment in nature-related employment. As a result, communities are coming together to create proposals for environmentally based jobs that may be funded through grants such as the Freshwater Improvement Fund of the Ministry for the Environment or Kaimahi for Nature, led out of the Department of Conservation.
- [3] Increasingly, proponents are assigning funding potential to agencies like ORC as part of their budgets submitted for funding from the Crown. For example, two recent proposals to Kaimahi for Nature included provisional contributions from ORC. This indicates that there are growing expectations that ORC will provide funding alongside the Crown.
- [4] ORC has no approved strategic guidance in place to assist with any decision making on these requests. There are therefore risks of ad hoc decisions being made, opportunities being missed, or inappropriate proposals being funded. This paper provides a decision tree of strategically important criteria to evaluate when ORC receives requests and needs to determine whether to fund an activity or not. The paper further proposes that consideration be limited to requests for co-funding, rather than ORC initiating proposals or providing full funding.
- [5] The COVID-19/Jobs for Nature Working Group is proposed as the evaluator of proposals for funding. The paper does not provide a funding process or fixed funding envelope for approval but recommends that Council invite the Working Group to determine a way forward in line with this paper's recommendations, for Council's consideration in 2021.

#### RECOMMENDATION

*That the Committee:*

- 1) **Receives** this report.
  - 2) **Notes** the potential for Council to need to make decisions on proposals for funding related to Kaimahi for Nature and other Central Government grants for COVID-19 recovery.
-

- 3) **Approves** the proposed decision tree to evaluate funding applications or proposals made to or by ORC against Council's Strategic Directions.
- 4) **Approves** the COVID-19/Jobs for Nature Working Group of Council as the evaluator of proposals for funding received by ORC
- 5) **Agrees** to limit ORC support to providing co-funding, alongside the Crown and other parties.
- 6) **Invites** the COVID-19/Jobs for Nature Working Group to devise a funding process and funding envelope for consideration by Council in early 2021.

## DISCUSSION

### Proposed Decision Tree

- [6] Council needs to be in a position where it can clearly and consistently evaluate whether ORC should or could invest in initiatives to create jobs. This paper provides a decision tree that evaluates proposals and their alignment with Council's strategic direction. At the highest level the principles to guide these investment decisions are similar to Crown expectations.
- [7] Council's COVID-19/Jobs for Nature Working Group considered the draft principles below at a recent meeting. Since then the Crown criteria has become clearer and a fourth criterion has been added:
  - a. Does the activity match ORC's strategic vision and/or existing activity profile?
  - b. Does it create jobs in the near-term?
  - c. Does it match the available workforce (i.e. those out of work due to COVID-19)?
  - d. Does the proposal have the support of iwi partners?
- [8] These are the first principles for evaluation in the proposed decision tree. Investment under these principles would not change ORC's strategic direction, but instead align investment to existing priorities.
- [9] These principles are largely consistent with the assessment matrix developed by the Department of Conservation to evaluate Kaimahi for Nature proposals. The matrix includes the following additional elements:
  - The number of jobs created, and the jobs' impact on personal growth and skills;
  - An evaluation of social and economic benefits;
  - Specific weighting for collaboration across funding and interest groups; and
  - Consideration of governance and methodologies.

### Consideration of Strategic Direction

- [10] ORC's Strategic Direction was recently developed with Council. The Vision for Otago that guides ORC's priorities and decision-making provides a yardstick for assessing the potential funding of proposals and initiatives.
- [11] The Vision for Otago embraces communities that connect with and care for the environment, values the environment's support for healthy people and ecosystems, highlights resilient communities, sustainability, Te Ao Maori and Matauranga Kai Tahu. Adopting the vision for evaluating proposals would allow the matching of the best opportunities for meeting the needs of our communities now and realising the vision for

Otago through recovery work. The vision is represented in the second green box on the decision tree.

[12] If a proposal is consistent with the vision, it could be further evaluated in terms of the types of work that ORC seeks to undertake to deliver wellbeing for Otago’s communities now and in the future. This falls into six broad categories:

- Healthy Water, Soil and Coast
- Good Air Quality
- Effective response to climate change
- Healthy and diverse ecosystems
- Community resilience to natural hazards
- Sustainable and quality urban development and transport

[13] It is suggested that these categories be used to evaluate the likelihood of a proposal supporting ORC’s wellbeing-related efforts. These categories are represented in the third green box on the decision tree.

**Possible Activities**

[14] In line with ORC’s statutory and non-statutory obligations and commitments, the following kinds of activities may provide an opportunity to meet the evaluation principles and categories of the decision tree and support COVID-19 recovery. The specifics of each proposal would be assessed by the group against the decision tree and will play an important role in evaluation and whether funding is provided.

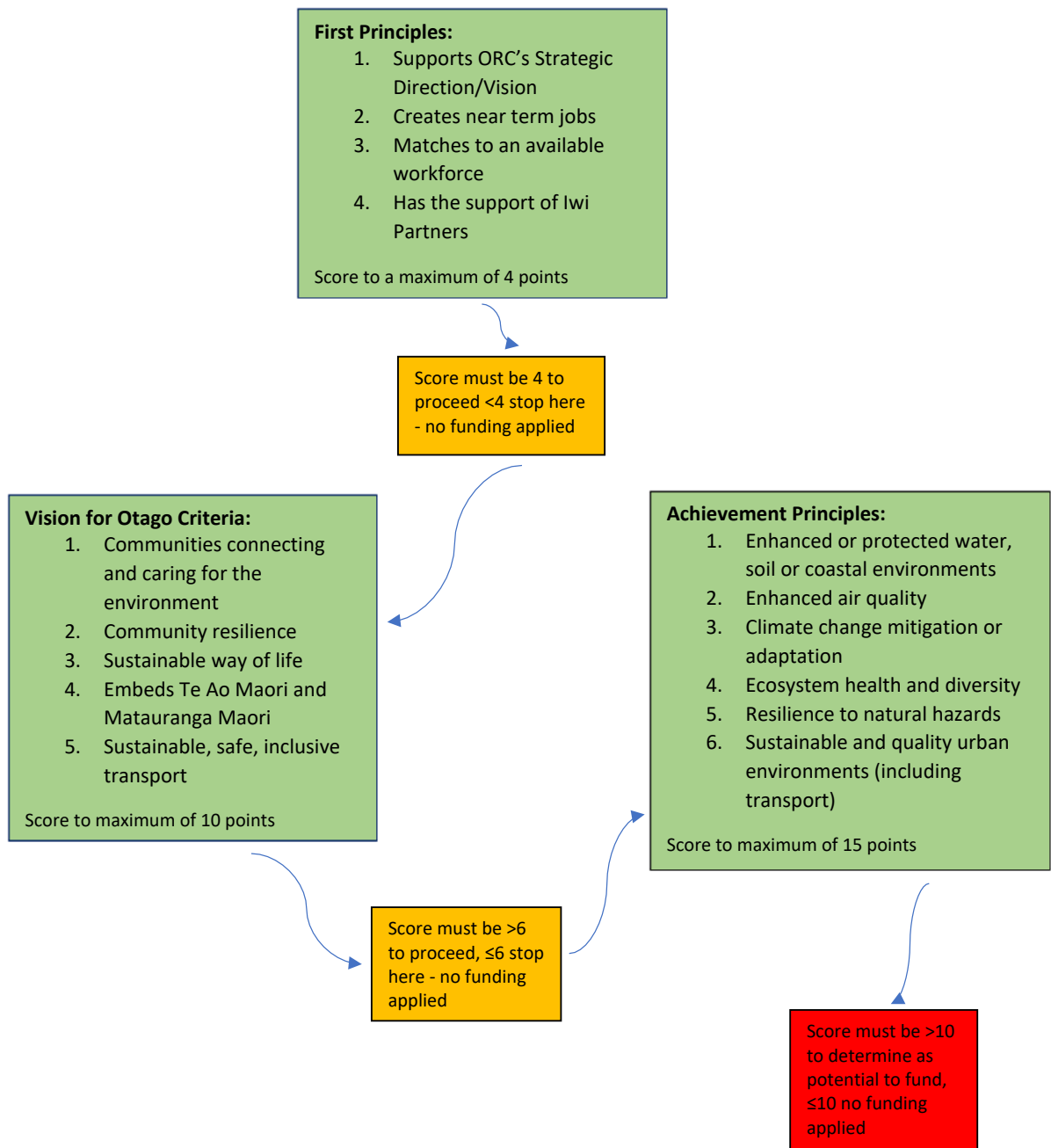
ORC Work Areas/Activities	Possible Proposals for Job Creation
Healthy Water, Soil and Coast	<ul style="list-style-type: none"> <li>- Riparian planting and fencing waterways – project management, outdoor roles.</li> <li>- Eco sourced native plant nurseries – expertise, training and labour.</li> <li>- Additional facilitators and administrators to support catchment groups.</li> <li>- Council run and owned water quality, nutrient testing and eDNA lab.</li> <li>- Partner with the EPA and train people to remove and safely dispose of hazardous substances, chemicals, plastics from land (farms, storage areas).</li> <li>- Accurately identify the location of all culverts and instream structures in Otago (assess for fish passage).</li> <li>- Training/support/certifying auditors for Farm Environment Plans – professional roles</li> <li>- Data entry: check and enter into a database all historical water take data.</li> <li>- Ground truth and check for compliance all water take sites in Otago.</li> </ul>



	<ul style="list-style-type: none"> <li>- Accurately identify the location of all private bores in Otago and improve bore head maintenance and security.</li> </ul>
Good Air Quality	<ul style="list-style-type: none"> <li>- Additional labour and supporting local business to provide insulation and heating to improve home health and subsequent air quality.</li> <li>- Partnerships to provide energy assessments and energy efficient options for home heating</li> <li>- Firewood certification scheme</li> </ul>
Effective Response to Climate Change	<ul style="list-style-type: none"> <li>- Accelerate engineering projects – project management, construction roles.</li> <li>- Trials for electric public transport</li> <li>- Climate change education and planning</li> </ul>
Healthy and Diverse Ecosystems	<ul style="list-style-type: none"> <li>- Monitoring and site inspections for pest plants and pest animals – surveillance, operational planning and field roles.</li> <li>- Ground truthing environmental mapping – project management, field roles.</li> <li>- Condition assessment of ecosystems and biodiversity – consultant project.</li> <li>- Partner with iwi to set up cultural, environmental and mahinga kai monitoring.</li> <li>- Train youth to build/construct animal pest traps and sell to schools, catchment and community groups.</li> <li>- Fund contractors to undertake pest control management.</li> </ul>
Community Resilience to Natural Hazards	<ul style="list-style-type: none"> <li>- Extension of Community Response Plans – to a greater granularity than currently</li> </ul>
Sustainable and Quality Urban Development and Transport	<ul style="list-style-type: none"> <li>- Urban bike tracks and trails to support alternative modes</li> <li>- Rabbit proof fencing schemes</li> <li>- Eco homes or developments</li> </ul>

## COVID-19 PROPOSAL – DECISION TREE

Evaluate the proposal against the principles or categories below to determine funding potential



**Focus on co-funding**

- [15] Focussing on co-funding is another way to manage requests for funding, and provide greater certainty that a proposal can be implemented.
- [16] Staff have noted that applicants for Crown funding are increasingly assigning funding potential to agencies like ORC as part of their budgets. For example, two recent proposals to Kaimahi for Nature included provisional sums of contribution from ORC. This indicates that there are growing expectations that ORC will provide funding for some of these projects in our region to ensure they occur.
- [17] This paper proposes that ORC limit its financial support of initiatives to providing co-funding, alongside the Crown and other parties. Doing so ensures that others are committed to the proposal, which provides greater certainty that it can be implemented. In the current climate, requests for co-funding are likely to include (successful or unsuccessful) Jobs for Nature proposals.
- [18] A specific proportion of co-funding is not provided here, with the requirement being only that the other party(ies) demonstrate financial commitment to the proposal.

**Funding Envelope, Funding Process, and the Role of the COVID-19/Jobs for Nature Working Group**

- [19] Additional mechanisms to support and formalise funding in this area are a funding envelope and fixed process for receiving and considering requests for proposals. It is proposed that the COVID-19/Jobs for Nature Working Group devise these mechanisms, and also play a lead role in evaluating proposals.
- [20] This paper recommends that Council invites the Working Group to determine a way forward in line with this paper's recommendations, returning to Council in 2021. The agreed process should enable the Working Group to make comparisons across proposals and ensure funding goes to its highest value use.

**OPTIONS**

- [21] Council could choose to make decisions on proposals in the order they arrive, and on their merits alone (without reference to an agreed evaluation criteria). To do so may not support the strategic direction of Council. Potentially this might mean that earlier proposals are funded but later proposals that have greater strategic intent or benefit are unfunded. Staff do not recommend this approach.
- [22] Council could choose to adopt the recommendations outlined above: tie the evaluation of proposals to Council's Strategic Directions, limit consideration to requests for co-funding, and work within a fixed funding envelope and through an agreed funding process (with details to be determined). These parameters will ensure that a proposal is evaluated consistently against its peers. Matching or aligning funding decisions with Council's Strategic Directions has the benefit of potentially realising some of Council's goals and intent through COVID-19 recovery work, a potential win-win for those seeking work and the environment.

- [23] Other potential options to evaluate proposals could be explored such as cost benefit analysis, geographical considerations e.g. where the most COVID-19 impact has occurred etc. Those have not been further considered as in its resolution to prompt this work, Council directed a principles-based approach *“Await a CE report to Council on potential ORC funding principles for determining COVID-19/Jobs for Nature projects to support. Any funding principles and budget to be agreed with Council”*.

## **CONSIDERATIONS**

### **Policy Considerations**

- [24] The proposed decision tree is developed out of the ORC Strategic Directions recently adopted by Council. They provide for ORC’s statutory and non-statutory roles including our work on natural resource protection, enhancement, management and allocation. Any proposal evaluated and potentially funded through this decision tree process would need to have appropriate resource consents, compliance and monitoring.

### **Financial Considerations**

- [25] A process for determining budget and funding quantum for these proposals is not provided in this paper.
- [26] The paper invites Council to request that the COVID-19/Jobs for Nature Working Group devise a funding process and funding envelope for consideration by Council in early 2021.

### **Significance and Engagement**

- [27] This paper does not trigger the Policy on Significance and Engagement

### **Legislative Considerations**

- [28] There are no legislative considerations.

### **Risk Considerations**

- [29] Proposals will all have their own risk, whether they be operational risks, health and safety, risk of failure or inability to secure a workforce. The risk Council faces in evaluating these proposals through the decision tree is that a proposal doesn’t “fit” but may be considered by Council as appropriate for funding. Council can make decisions that are not consistent with the decision tree, with justification.

## **NEXT STEPS**

- [30] The next steps are for Council, if it chooses to implement the recommendations in this paper, to await details of a funding process from the COVID-19/Jobs for Nature Working Group.

## **ATTACHMENTS**

Nil