

For Decision

ORGANISATIONAL EMISSIONS TARGETS

Te take mō te pūrongo

Purpose

1. To advise the Council of the options for Greater Wellington Regional Council's (Greater Wellington) net organisational emissions reduction target to replace the existing net emissions targets for 2025, 2030 and 2035.
2. To also present options for a new gross emissions reduction target for all categories of Greater Wellington's organisational emissions.

He tūtohu

Recommendations

That Council:

1. **Remove** its current organisational net emissions targets for 2025, 2030 and 2035.
2. **Adopt** a new organisational net emissions target (Option B) of being 'Climate Positive' (each year, Greater Wellington's organisational emissions removals exceed its organisational emissions) from 2044/45 onwards.
3. **Endorse** a new gross emissions target (Option C) for all categories of organisational emissions of an 84 percent reduction in 2039/40 compared to the base year of 2018/19, subject to further evaluation of the additional actions that would be required to achieve it.

Consideration by Committee

3. The matters contained in this report were considered by the Climate Committee (the Committee) at its Meeting on 27 March 2025 (Report 25.91).
4. The Committee discussed the options outlined for both a new organisational net emissions and gross emissions targets.
5. After considering all relevant information, the Committee recommend that Council adopts new organisational net emissions target Option B ('Climate Positive' (each year, Greater Wellington's organisational emissions removals exceed its organisational emissions) from 2044/45 onwards); and new gross emissions target Option C (an 84 percent reduction in 2039/40 compared to the base year of 2018/19 for all categories of organisational emissions).

Te tāhū kōrero

Background

6. For clarity, the definitions for technical terms used in this paper are provided in **Attachment 1**.
7. At its meeting on 28 March 2024, the Climate Committee considered Report 24.84 'Meeting our Existing Organisational Emissions Targets', which sought support for the process of 'insetting' its greenhouse gas emissions with carbon sequestration (or 'removals') by its land, to thereby achieve its net emissions targets for the organisation for 2025 (a 40% reduction in net emissions compared to 2019), 2030 ('carbon neutral'), and 2035 ('climate positive' – Greater Wellington's removals exceed its emissions each year). The Committee noted the report but did not approve proceeding with insetting, and instead requested a workshop on this topic, with a report then being brought to a future Climate Committee meeting.
8. Officers reviewed the achievability of Council's emissions targets in light of new information and considered other options for targets that could involve selling our removals (in the form of emissions units) rather than using them for insetting to achieve the net targets. At the Climate Committee on 12 September 2024, Councillors considered the results of the review (Report 24.478) and provided further direction to officers, which informed the options put forward at the following Climate Committee meeting on 27 March 2025.

Considerations that influence choice of organisational emissions targets

9. Greater Wellington has qualified for Climate Action Loans from the Local Government Funding Agency (LGFA) and is benefiting from a lower rate of interest on this borrowing than it would otherwise get. One of the criteria of these loans is that that Greater Wellington has 'net zero' emissions target by 2050 at the latest.
10. Also, part of the LGFA Climate Action Loan criteria is that Greater Wellington has gross emissions targets for our 'Category 1 & 2 emissions' aligned to limiting global warming to 1.5°C. Councillors has already adopted such targets early in 2024.
11. Plan Change One to the Regional Policy Statement has region-wide targets for a 50 percent reduction in net emissions by 2030 and net zero by 2050 (all gases). The alignment of the organisational targets to the Regional Policy Statement targets needs to be considered.
12. Greater Wellington was not planning to purchase offsets to achieve its net targets, because of longstanding concerns about their value, legitimacy and associated reputational risk. However, this leaves insetting using removals from land we manage as the only credible option available to Greater Wellington to achieve any net zero target.
13. Changing Greater Wellington's existing 'headline' emissions targets carries reputational risk, given the organisation has promoted them both externally and internally as a central part of our Climate Emergency Response, and many of our stakeholders want to see Greater Wellington take strong action on climate change. However, there is also reputational risk associated with having an increasing

disconnection between our targets, projections of what we can achieve and our actual emissions results as time goes on.

14. As part of the process of developing options for the emissions targets, officers updated its emissions scenarios further to better reflect our new knowledge of what was likely to occur. These assumptions include:
 - a No major changeover of the bus fleet to electric propulsion in 2028 when operator contracts are renewed. This changeover is assumed to occur in 2038 when the buses that entered service in 2018 are retired.
 - b Removal of ownership of bulk water supply assets from Greater Wellington, and therefore removal of our responsibility for accounting for and reducing the associated emissions.
 - c Adjusting Regional Parks restoration scenarios.
15. A summary of the organisation's projected emissions in three different scenarios (low, medium and high effort) is in **Attachment 2**.

Te tātaritanga Analysis

16. To satisfy the requirements of the LGFA Climate Action Loans we are currently undertaking work estimating the size of additional emissions sources in our supply chain to include in our overall emissions inventory.
17. The impact of including these additional supply chain sources on attaining a new all-categories gross emissions target could be positive or negative. This will depend on if these additional supply chain sources can also be included in our base year, and how much they change over time relative to then. The impact will not be known until the work to estimate the size of the additional supply chain emissions sources and the treatment of them relative to the base year is completed. The decision to include or exclude extra supply chain emissions sources is at Greater Wellington's discretion but must be justifiable.
18. What is certain is that adding any new emissions sources to Greater Wellington's inventory will increase the removals rate (sequestration by trees) needed to be climate positive.

Net emissions target

19. Based on our analysis, officers considered three options for the new net emissions target:
 - Option A: That from the 2049/50 financial year onwards, the organisation is 'climate positive': each year Greater Wellington's removals exceed its total gross emissions.
 - Option B (recommended): As in Option A, but from 2044/45
 - Option C: As in Option A, but from 2039/40
20. Option A leaves the maximum time for our new forests to grow and sequester carbon and provides a buffer for reversals (e.g. due to fire) and to cover additional

emissions sources, but could be perceived as demonstrating a lower level of ambition. Net-zero (similar to climate positive) by 2050 is the target for the Government (for long-lived gases), the Regional Policy Statement and the minimum requirement of the LGFA Climate Action Loans that Greater Wellington receives. Option C is the opposite – it provides no leeway but demonstrates a high level of ambition. Option C would require a High Effort scenario (see Attachment 2), and extra measures (which are uncostered at this stage) are likely to be required to meet it.

21. Taking into account Greater Wellington’s funding pressures, the length of time required for planting to sequester significant amounts of carbon, and to provide for uncertainty, Option B is the net emissions target option recommended by the Climate Committee.

All-categories gross emissions target

22. Based on our analysis, officers considered three options for a new gross emissions target:

Option A: 65% reduction in 2039/40 compared to 2018/19

Option B: 72% reduction in 2039/40 compared to 2018/19

Option C (recommended): 84% reduction in 2039/40 compared to 2018/19

23. Option A provides a buffer for unforeseen circumstances. Option B does not, but it appears possible under a High Effort scenario (see Attachment 2).
24. The Science Based Targets Initiative (SBTi) guidance indicates that organisational long-term gross emissions targets should be for at least 84% reduction across all categories in 2040 compared to 2020 to be aligned with limiting global warming to 1.5°C (50 percent chance)¹.
25. This is why Option C has been included, but extra measures on top of those described in the High Effort scenario are very likely to be needed to meet it. These additional measures are not presently identified, agreed or funded, and will need to be focussed on the significant areas of residual emissions that do not yet have reduction plans in place for them. Any additional measures taken to achieve the gross emissions target will make it more likely Greater Wellington will reach the net emissions target.
26. The Climate Committee recommend Option C, while noting that further evaluation of the additional actions that would be required to achieve it will also need to be carried out. This would feed into prioritisation discussions in the development of the 2027-37 Long Term Plan.

¹ SBTi recommended pathways work on the assumption all emitters in the world make the same level of reductions, so in aggregate they add up to a pathway aligned with limiting global warming to 1.5°C. In reality, this is not occurring. SBTi also have a ‘fair share’ method which results in organisations in wealthy countries being required to cut emissions faster than the global average pathway.

Nga kōwhiringa Options

27. Table 1: Organisational emissions target option summary

Net target: The first year the organisation is 'climate positive': that is each year Greater Wellington's sequestration exceeds its total gross emissions.				
<i>Option</i>	<i>Year</i>	<i>Compatible scenarios</i>	<i>Pros</i>	<i>Cons</i>
A	2049/50	Medium and High Effort	Allows maximum time for our new forests to sequester carbon and provides a buffer for reversals (e.g. due to fire) and to cover additional emissions sources. Less chance target will need to be changed again	Not a clear leadership signal
B*	2044/45	Medium and High Effort	Balanced option	Balanced option
C	2039/40	High Effort	Signals leadership, may drive greater efforts	Low/no margin of error, no spare sequestration to cover significant additional emissions sources. Additional sequestration likely to be required

Reduction target for all categories of gross emissions (entire Greater Wellington footprint) for 2039/40 relative to 2018/19				
<i>Option</i>	<i>Reduction</i>	<i>Compatible scenarios</i>	<i>Pros</i>	<i>Cons</i>
A	65%	Medium and High Effort	Most achievable, leaves a buffer/margin for error	Less ambitious
B	72%	High Effort	Shows leadership	No buffer/margin for error
C*	84%	None	Most ambitious, '1.5 °C aligned' according the SBTi methodology (with a 2019-20 base year)	Extra efforts on top of current plans essential, currently unfunded

*Options recommended by Climate Committee

Ngā hua ahumoni Financial implications

28. Activities described in the scenarios (see Attachment 2) have been funded in the 2024-34 Long Term Plan, except for solar energy investment. It is assumed debt incurred to build solar energy assets (should Council decide to invest directly in them) can be paid back using the revenue they would generate and so would not add to rates. The amount of environmental restoration work in the Regional Parks

that can be achieved within budget is presently around 80Ha/year (aligning most closely with the High Effort scenario).

29. The financial implications of making the additional measures likely to be needed to achieve the gross emissions target Option C require further investigation to be quantified. These additional measures would not need to be implemented until the years immediately leading up to 2039/40. It is difficult to accurately quantify costs for new activities that would occur this far into the future, but also there is also a significant time available to develop, cost and consider them. This work will be incorporated into Greater Wellington’s Emissions Management and Reduction Plan, which is updated periodically.
30. Moving net emissions targets back and lowering gross emissions will mean fewer removals are needed to achieve climate positive status. This increases the volume of removals that could be sold by Greater Wellington via the Emissions Trading Scheme (NZETS). The amount of revenue that could be realised from this depends on multiple factors, including the sale price of emissions units.
31. The total emissions units earned and their possible sale value up to the different years proposed for the climate positive target is shown in the table below, along with the global social cost of permitting this carbon pollution/use of the emissions units. Note this table only includes emissions units from Greater Wellington’s Forest land that is presently registered in the NZETS. It excludes emissions units that could be earned from our replanting programmes, and the ‘extra’ emissions units which are discussed in Report 25.184 (Changes to the Low Carbon Acceleration Fund). The global social cost excludes any positive effects resulting from Greater Wellington’s use of the income from sale of emissions units.

Table 2: NZUs available from existing ETS registered forest land for different net targets

‘Climate Positive’ target year	2039/40	2044/45	2049/50
Total NZUs available for sale	116,530	123,489	128,526
\$49/tonne CO ₂ e*	\$5,700,000	\$6,100,000	\$6,300,000
\$100/tonne CO ₂ e	\$11,700,000	\$12,300,000	\$12,900,000
\$150/tonne CO ₂ e	\$17,500,000	\$18,500,000	\$19,300,000
\$350/tonne CO ₂ e†	\$40,800,000	\$43,200,000	\$45,000,000

*NZU spot price (1 May 2025)

†Assumed global social cost of carbon

Ngā Take e hāngai ana te iwi Māori Implications for Māori

32. Mana whenua and Māori are impacted by the choice of emissions reduction pathways that Greater Wellington takes to meet its climate goals both now and especially in the future.
33. The projects and initiatives that Greater Wellington undertakes to meet its emission reduction pathways will provide opportunities for deeper partnerships with mana whenua.

Te huritao ki te huringa o te āhuarangi

Consideration of climate change

34. Targets themselves do not cause or prevent emissions. It is Greater Wellington's activities that do. The more that Greater Wellington emits, the more it contributes to climate change. This carries a cost for people and planet, expressed financially as the global social cost. The impact is relative to the effort that we put in, and decisions such as the sale of emissions units (shown in Table 2 above), and the use of the sale income.
35. Greater Wellington's organisational emissions targets are the framework driving the mitigation of the actions in our Organisational Climate Emergency Response Action Plan. They also contribute to regional and global emissions reduction, an objective of the Council's foundational Climate Change Strategy (2015). Stronger targets that in turn lead to stronger action to reduce emissions and demonstrate leadership support the intent of the 2019 Climate Emergency Declaration by Council.
36. There are no direct implications for climate resilience arising from a decision regarding emissions reduction targets, only indirect effects from consequential emissions as explained above.

Ngā tikanga whakataurua

Decision-making process

37. The matters requiring decision in this report were considered by officers against the decision-making requirements of Part 6 of the Local Government Act 2002.

Te hiranga

Significance

38. Officers considered the significance (as defined by Part 6 of the Local Government Act 2002) of these matters, taking into account Council's *Significance and Engagement Policy* and Greater Wellington's *Decision-making Guidelines*. Officers recommend that these matters are of low significance, as the substantive decisions regarding funding, and the programme of work to reduce organisational emissions, were made within the 2024-34 Long Term Plan process.
39. Regarding the proposed all gases gross emissions target Option C, if endorsed, officers will assess the impacts and make recommendations regarding full adoption later. If significant, engagement with the public can be undertaken, for example as part of a future Long Term Plan process.

Te whakatūtakitaki

Engagement

40. Due to the low significance of these matters for decision, no engagement is considered necessary at this stage. Communications will be prepared to ensure we are able to clearly inform the community of the rationale behind the decision to

change our emissions targets and what the new targets mean, in order to help mitigate any reputational risk.

Ngā tūāoma e whai ake nei

Next steps

41. Changes to the targets will be reflected in the information on Greater Wellington’s internal and external websites. There will be further internal communication to staff about the changes, for example via the climate change training course.

Ngā āpitihanga

Attachments

Number	Title
1	Glossary of Terms
2	Summary of Low, Medium and High Effort emissions reduction scenarios for Greater Wellington

Ngā kaiwaitohu

Signatories

Writer	Jake Roos – Kaiwhakahaere Matua Manager Climate Change
Approvers	Zofia Miliszewska – Kaiwhakahaere Matua Head of Strategy and Performance Luke Troy – Kaiwhakahaere Matua Rautaki Group Manager Strategy

**He whakarāpopoto i ngā huritaonga
Summary of considerations**

Fit with Council's roles or with Committee's terms of reference

The Council has authority to make the decisions on setting emissions targets for the organisation. This authority has not been delegated to any committee.

Contribution to Annual Plan / Long Term Plan / Other key strategies and policies

The organisational emissions reduction targets contribute to the climate change focus area of the 2024-34 Long Term Plan. They contribute to all Greater Wellington's climate-change related strategies, policies and plans.

Internal consultation

The Climate Emergency Response Programme Board and Organisational Emission Reduction Steering Group have been consulted concerning emissions target options. Metlink and Environment Group provided input to the assumptions used for the updated emissions projections.

Risks and impacts - legal / health and safety etc.

There are no legal or health and safety risks associated with this decision.