

The NZ Green Building Councils submission on New Zealand's 2035 international climate change target- New Zealand's second Nationally Determined Contributions

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Who we are

The New Zealand Green Building Council (NZGBC) is a 700-member organisation comprising property owners, construction firms, architects, contractors, suppliers, banks, and research institutions focused on improving the environmental sustainability of buildings and construction.

We represent the construction and property industry's expertise on sustainability and, in collaboration with industry experts, design and operate the leading Green Star and Homestar certifications that are the benchmarks for the environmental sustainability of buildings in New Zealand. We also run the NABERSNZ energy efficiency system on behalf of central Government.

Thank you for the opportunity to provide input. Please see following the response of the New Zealand Green Building Council to the NDC2 consultation questions

QUESTION 1 - Do you have any comments on the CCC's advice? The Climate Change Commission released advice on the level of domestic emissions reductions that could be achieved as part of the second nationally determined contribution (NDC2) on 7 November 2024.

Response of the New Zealand Green Building Council:

The world is currently on track for up to 3 °C of warming by 2100 and the UN has called for more ambitious near-term targets. New Zealand is currently warming at 3 degrees per century.

The purpose of NDCs is: to be the highest possible ambition for a country's international climate target, and in line with 1.5 degrees.

Climate Action Tracker's international benchmarks would put a 1.5C-consistent domestic path at well over 70% reduction in 2035. Other developed countries are looking at reduction targets in line with that. The UK has already set a target of an 81% reduction on 1990 levels. Brazil is aiming for over 65%.

The CCC advice emphasises that rapid, high ambition action should be taken in order for Aotearoa to meet our emission targets. In particular, the report highlights that significant system changes are likely to be needed at much higher rates than prior projections and current levels of action. The Government ought to take this advice seriously, and should reprioritise their approach to the climate crisis accordingly.

The NZGBC does take issue with the CCC report in two ways

- 1) When looking at Commission analysed scenarios of up to 69% reduction domestically, yet none of their scenarios are fully compliant with the 1.5 °C target, with the Paris Agreement, or with the Climate Change Response Act. Their HTHS scenario comes closest, and arguably reduces emissions sufficiently by 2050, but does not cut emissions fast enough in earlier decades.

Following global pathways for developed countries that are consistent with the global 1.5 °C goal would see New Zealand's gross emissions falling to around 40 MtCO₂e by 2035 (cf. HTHS 50.6 Mt). Together with removals of 24 MtCO₂e (HTHS value), this would leave net emissions of 16 MtCO₂e or a reduction of 81% on gross 2005 levels. This would almost meet the 1.5°C target of 2.5 tCO₂e per capita emissions, albeit five years late and with heavy use of forestry.

Noting that long-term NDC goals should be ambitious, we advocate for a target 81% or greater by 2035.

- 2) The Climate Change Commission work left out the considerable part that buildings could play. The NZ Green Building Council research shows that with existing technologies over considerable emissions reductions are possible by 2035 where Government takes action on site waste management plans, electrifying buildings commercial buildings disclosure programme and energy labelling systems on buildings. These can deliver over 20m tonnes of emissions reductions by 2035.

The emissions savings that building and construction can deliver are significant. Where these policies are added to the proposals the Climate Change Commission sets out this makes the recommendations the Climate Change Commission even more achievable.

NDC2 should include international aviation and shipping emissions along the lines of the accounting suggested by the CCC in their preliminary report. Regulation of these emissions is vital to New Zealand's future as we are heavily reliant on international transport; they are covered by the Paris Agreement's temperature target and allowing them to increase without limit puts New Zealand in an increasingly exposed and risky position.

QUESTION 2 - What factors should the Government prioritise when setting NDC2?

Response of the New Zealand Green Building Council:

When choosing from the dropdowns we recommend choosing:

- *Represent NZ's highest possible ambition* - This is within the Paris agreement. It is a legal requirement.
- *Align with the Global Stocktake recommendations* - New Zealand formally agreed this at COP28 and reiterated a commitment to this at COP29.
- *Ensure there is a clear plan for delivering the target* - The Climate Change Commission domestic scenarios set out options for achieving 69% reductions. Significant time and research has been put into this analysis. The Climate Change work provides a clear plan for delivering 69% reductions. This can be used as a base.

Please note Option (c) is out of date “Align with the temperature goal of the Paris Agreement”. New Zealand already has the stricter target of 1.5 °C enshrined in law and endorsed 1.5-compatible NDCs at COP28 and again at COP29 as well as in separate statements by Climate Change Minister Simon Watts.

It is not clear how useful the options of “minimising costs from meeting the target” and “minimise impacts to the economy” are. The Climate Change Commission work shows that GDP is basically the same in all scenarios out to 2040.

It is alarming that the Ministry for the Environment is creating framing that seems to suggest that economic growth is at odds with environmental progress. Businesses and the economy can not thrive in a world that is overheating. They are not in opposition to one another. A lower carbon economy sees less damage to businesses and the economy.

As an example the BERL research on zero carbon buildings. This found that moving to lower carbon buildings earlier.

Given that NZ has committed to limiting our emissions in line with the target of 1.5 degrees of warming via the Zero Carbon Act, and political commitments made to follow the Global Stocktake, the Government should prioritize a NDC plan of the highest possible ambition of over 81% reduction.

QUESTION 3 - What factors in New Zealand’s economic outlook should be taken into consideration when setting NDC2?

Response of the New Zealand Green Building Council

This is a misleading question. There is no thriving business or society on a hothouse earth. In order to protect our economic outlook, we must rapidly decarbonise and align with international obligations to meet targets.

‘Economic’ factors are often used as a post-hoc justification for lack of action. An example would be when the incoming Key government cited the GFC as a reason for cancelling the proposed fuel efficiency standards. In fact, had those standards gone ahead, New Zealand families and businesses would have seen lower running costs, lower emissions and better health outcomes from less pollution.

Any economic assessment should take into account the benefits of rapidly phasing out fossil fuels. These include not just the direct health and economic benefits, but also the increased resilience to international supply chain disruptions and the benefits both global and national to faster climate action. The global disruption if we continue heading to a 4 °C world (which is the pathway we would be on if everyone acted like New Zealand) is unimaginably dire

Continued economic reliance on fossil fuel extraction only serves to ensure New Zealand’s future economic uncertainty. As the Climate Commission report emphasises: the longer we take to economically transition away from fossil fuels, the worse this transition will be for workers within this sector, New Zealand’s overall economic landscape, and our ability to achieve our emission targets.

It is incredibly short-sighted to continue oil and gas exploration given that it is well established—and indeed was established decades ago—that transition away from fossil fuels is necessary, and will save money and stabilise the economy.

As already noted, significant system change is needed in New Zealand in order to achieve our emission targets. New Zealand should rapidly begin work to transform our economic landscape, by transitioning away from high-emitting industry and investing in low-carbon economies. This includes

In order to save our economy, we must halve our methane emissions, immediately invest in public transport to lower transport emissions, and invest in decarbonisation.

QUESTION 4 - What factors do you think are most important for deciding a “fair share” for New Zealand for its NDC2?

Response of the New Zealand Green Building Council:

NZ has one of the highest per capita emissions in the world. As a developed nation whose economic landscape has historically relied heavily on high-emitting agriculture and oil and gas exploration, we have a significantly higher responsibility for climate change compared to developing nations, such as our Pacific neighbours.

It is very hard for NZ to expect other countries to take action to decarbonise if NZ does not reduce their very high emissions per capita.

New Zealand’s energy emissions are about the same as other developed countries, so we need to reduce just as fast as they do. We can move forward with measuring embodied and operational emissions at the consenting stage for buildings, energy labels on buildings and electrifying our built environment. All steps that much of the OECD are taking.

We have high potential for reforestation that means we can do more, not that we should delay action.

The Climate Action Tracker notes that not only are NZ’s NDC targets insufficient, but that they are particularly insufficient when compared to our ‘fair share emissions allocation’, they also note that our climate finance is highly insufficient and inconsistent with the Paris Agreement.

New Zealand is a rich country. We should not create the false narrative that playing our part is too expensive.

QUESTION 5 - Should NDC2 be set at a level that is achievable with domestic action only or should it be set at a level that is achievable with a mix of domestic action and international cooperation (offshore mitigation)?

Response of the New Zealand Green Building Council: NDC2 should be met with both domestic action and international cooperation

Primarily, NDCs should not be limited in ambition by the perception of what can be achieved domestically. NDCs are meant to be ambitious and in line with keeping under 1.5 degrees- which is why we are suggesting of an NDC2 of -81% on 2005 levels.

As per the Climate Commission's recommendations, domestic action should be prioritized in order to achieve our emission targets and NDC2 should reflect this commitment to large scale system change. A 1.5C consistent domestic path is possible if we choose to act now.

However, international cooperation is essential to reducing global emissions. Offshore mitigation should be considered as a potential backstop, provided an equitable approach is taken, so that New Zealand still contributes its fair of global emissions reductions..

Here are key elements to an effective NDC2. The NZGBC urges Government to deliver an NDC2 that

- has an explicit commitment to end fossil fuel expansion and foster a just economic transition?
- includes economy-wide and sector specific targets
- align with the global goal to triple renewable energy capacity and double energy efficiency gains by 2030 that NZ has committed to.
- explicitly list **absolute** emission cuts, reductions and assumptions from land use, land use change, forestry (LULUCF), and CO2 removals.
- is supported by government policies to ensure urgent, effective implementation,

Closing statement

When we consider our what target we should set our selves it is important to do this in context. All avenues should be considered. Huge opportunities exist that have not been explored.

In the built environment for example the sector is not even at the starting gate of progress on carbon emissions. NZ could for instance start by measuring embodied and operational emissions in a consistent way. Site waste management plans and energy labels on buildings will help investors and potential renters to see how energy efficient buildings are. These and other benign steps can help deliver tens of millions of tonnes of emissions savings.

There is strong support for them from industry. The steps improve health, deliver savings for kiwi businesses and families and reduce climate pollution.