

Chairperson and Committee Members
STRATEGY AND POLICY

3 MAY 2018

Meeting Status: **Public**

Purpose of Report: For Decision

**REMIT FROM GREATER WELLINGTON REGIONAL COUNCIL
TO THE LOCAL GOVERNMENT NEW ZEALAND AGM 2018**

PURPOSE OF REPORT

- 1 The purpose of this report is to obtain a decision from the Council on support for a remit to this year's Local Government New Zealand (LGNZ) Annual General Meeting.
- 2 Greater Wellington Regional Council have requested support for a remit asking that LGNZ advocate to all major banks that they transition away from investments in fossil fuel industries, and consider opportunities for long-term investments in low, or zero carbon energy systems.

DELEGATION

- 3 The Committee has the delegation to consider this matter under Section B.1 of the Governance Structure and Delegations: *'This Committee will deal with all strategy and policy decision-making that is not the responsibility of the Council. Key responsibilities will include:*
 - Signing off any submission to an external agency or body.

BACKGROUND

- 4 Greater Wellington Regional Council is proposing to submit the Remit, attached as Appendix 1, to the 2018 LGNZ Annual General meeting on Climate Change Investment Issues. This will be submitted on the basis that Climate Change is a major policy issue that is important to local government as a whole, and that advocacy on investment issues is a key tool to implement the Local Government Position Statement on Climate Change 2017 and the Local Government Leaders' Climate Change Declaration.
- 5 Remits must have formal support from one zone or sector group meeting, or five Councils, prior to their being submitted. Proposed remits must be submitted to LGNZ by 5pm, Monday 21 May 2018.
- 6 The proposal for this Remit was discussed at the first Greater Wellington Region Climate Change Working Group meeting on Friday 16 March 2018, which included representatives of all 9 councils within the Greater Wellington Region. There was strong support for the remit from the councils. The next Zone 4 Meeting is not until after the deadline for submission of remits for the 2018 AGM of LGNZ, so it was agreed that Greater Wellington Regional Council will send the proposed remit to all councils within Zone 4 seeking their support.

ISSUES AND OPTIONS

Issues

- 7 Local Government recognises, as stated in the Local Government Position Statement on Climate Change, 2017, and the Local Government Leaders' Climate Change Declaration, 2017, that we must act on climate change now to avoid future risk. Local authorities have accepted that they are at the frontline of climate change adaptation and have a role to play in mitigation, and that their responsibilities will grow in addressing climate change as both anticipated and unforeseen problems are revealed. Local government has a strong interest in the impacts of climate change and what can be done to mitigate those impacts.
- 8 Support for this remit will reinforce the Local Government Leaders' Climate Change Declaration 2017, which included: "A clear and consistent pathway toward a low carbon and resilient future needs to provide certainty for successive governments, businesses and communities to enable transformative decisions and investments to be made over time".

Option 1

- 9 The Strategy and Policy Committee may support the Remit as proposed.

Option 2

- 10 The Strategy and Policy Committee may decline to support the Remit.

CONSIDERATIONS

Policy considerations

- 11 There are no policy considerations.

Legal considerations

- 12 There are no legal considerations.

Financial considerations

- 13 There are no financial considerations.

Tāngata whenua considerations

- 14 There are no Tāngata whenua considerations.

SIGNIFICANCE AND ENGAGEMENT

Significance policy

- 15 This matter has a low level of significance under Councils Significance and Engagement policy.

Engagement planning

- 16 An engagement plan is not needed to implement this decision.

RECOMMENDATIONS

- 17 That the Strategy and Policy Committee supports the remit from Greater Wellington regional Council to Local Government New Zealand, consistent with the Local Government Position Statement on Climate Change 2017 and the Local Government Leaders' Climate Change Declaration 2017, to advocate to all major banks that they transition away from investment in fossil fuel industries, and consider opportunities for long-term investment in low or zero carbon energy systems.

Report prepared by Approved for submission Approved for submission

Leyanne Belcher
**A/g Democracy
Services Manager**

Janice McDougall
**A/g Group Manager
Corporate Services**

Kevin Black
**A/g Group Manager
Strategy and Planning**

ATTACHMENTS

Appendix 1 GWRC Annual General Meeting 2018 Remit

Appendix 2 Attachment to GWRC Remit on Climate Change to LGNZ 2018 AGM

Annual General Meeting 2018

Remit application

Council Proposing Remit:	Greater Wellington Regional Council
Contact Name:	Dr Roger Blakeley
Phone:	021 229 6928
Email:	Roger.Blakeley@gw.govt.nz
Fax:	
Remit passed by: (Zone/Sector meeting and/or list five councils as per policy)	To be added
Remit: Greater Wellington Regional Council asks that LGNZ, consistent with the Local	
Government Position Statement on Climate Change 2017 and the Local Government	
Leaders' Climate Change Declaration 2017, advocate to all major banks that	
they transition away from investments in fossil fuel industries, and consider	
opportunities for long-term investments in low- or zero-carbon energy systems.	

ATTACHMENT TO REMIT FROM GREATER WELLINGTON REGIONAL COUNCIL ON CLIMATE CHANGE TO LGNZ 2018 AGM

Background information and research

1. Nature of the Issue

Climate change has been described as “a slow motion disaster that will change our lives, the economy, and our planet for ever”. The previous Parliamentary Commissioner for the Environment Dr Jan Wright said that climate change is “by far New Zealand’s worst environmental problem”. The effects of climate change are already being felt globally and in New Zealand through: increased frequency of extreme weather events including storms, cyclones, tornadoes and droughts; wildfires; and rising sea levels.

Climate Change will have major impacts on areas of responsibility of local government. Over the next few decades, tens of thousands of New Zealanders will be displaced from their homes by threatened inundation by rising sea levels. Local government has the responsibility to manage, at regional, city and district levels, land use planning including requirements for coastal protection or managed retreat to ensure future residential and business development and infrastructure is located away from areas that will be inundated. Local government therefore has a very high interest in measures being taken to reduce emissions of greenhouse gases, in accordance with NZ’s commitments under the Paris Agreement of 12 December 2015, and subsequent commitments by the Government.

2. Background to its being raised

Greater Wellington Regional Council has recently updated its Treasury Risk Management Policy and has included a section:
“5.3 Investments in fossil fuels The Council has a policy to divest from any direct investment in fossil fuel extraction industries and investigate existing non direct investment, with a view to preventing future investment where practical”.

The Council’s Treasurer has taken the opportunity to advise banks of this policy as part of Council’s on-going commitment to reducing carbon emissions and promoting this to the wider community. It has also advised the banks that as part of its on-going due diligence into this matter, it will continue to monitor the banks it transacts with to ascertain what they are doing to assist with reducing and discouraging the on-going use and investment in fossil fuel industries.

3. New or confirming existing policy

Local Government recognises, as stated in the Local Government Position Statement on Climate Change, 2017, and the Local Government Leaders’ Climate Change Declaration, 2017, that we must act on climate change now to avoid future risk. Local authorities have accepted that they are at the frontline of climate change adaptation and have a role to play in mitigation, and that their responsibilities will grow in addressing climate change as both anticipated and unforeseen problems are revealed. Local government has a strong interest in the impacts of climate change and what can be done to mitigate those impacts.

Support for this remit will reinforce the Local Government Leaders' Climate Change Declaration 2017, which included: "A clear and consistent pathway toward a low carbon and resilient future needs to provide certainty for successive governments, businesses and communities to enable transformative decisions and investments to be made over time".

4. How the issue relates to objectives in the current Work Programme

LGNZ has climate change as a project in its Work Programme.

This remit relates to the following objectives of the project:

- *Climate Change Action*: "Actions to reduce emissions"
- *A Collaborative Approach*: "A collaborative and joint response to climate change, including a clear pathway to a low carbon economy"
- *Key work streams*: "Mitigating the impacts of climate change"
- *Supporting work*: "The sector will contribute to the Productivity Commission's inquiry into NZ's transition to a low-emissions economy".

5. What work or action on the issue has been done on it, and the outcome

On 19 October 2016, the NZ\$30 billion NZ Super Fund announced changes to become more resilient to climate change investment risk under a new strategy announced by the Guardians of New Zealand Superannuation.

CEO Adrian Orr said climate change was a material investment issue with risks for long-horizon investors. "In coming years the global energy system will transition away from fossil fuels. Some assets we invest in today may become uneconomic, made obsolete or face a dwindling market."

"Climate change, and the coming transition to a low-carbon energy system, also present investment opportunities for long-term investors that we intend to capture". Mr Orr said the strategy represented a significant and fundamental shift for the NZ Super Fund.

The New Zealand Super Fund has set an example for banks and other investment fund managers. The effect of this remit will be to reinforce to major banks the strategic importance and benefits of a shift of investments away from fossil fuel industries and towards long-term investments in low- or zero-carbon energy systems.

6. Any existing relevant legislation, policy or practice

The current Government announced shortly after it took office in November 2017 that it will introduce a Zero Carbon Bill with the objective of NZ becoming a net zero-emissions economy by 2050. It will also establish an independent Climate Commission to set five-yearly carbon budgets and a Green Investment Fund to direct investment towards low-emission industries.

This remit could make an important contribution to assisting the Government to meet the objective of a net zero-emissions economy by 2050, by encouraging banks to divest from investments in fossil fuel industries and instead direct investment to low- or zero-carbon energy systems.

7. Outcome of any prior discussion at a Zone/Sector meeting

The proposal for this Remit was discussed at the first Greater Wellington Region Climate Change Working Group meeting on Friday 16 March 2018, which included representatives of all 9 councils within the Greater Wellington Region. There was strong support for the remit from the councils. The next Zone 4 Meeting is not until after the deadline for submission of remits for the 2018 AGM of LGNZ, so it was agreed that Greater Wellington Regional Council will send the proposed remit to all councils within Zone 4 seeking their support. *(Note: this paragraph will be updated once replies have been received from all councils and before the date for submission of 21 May 2018)*

8. Evidence of support from Zone/Sector meeting or five councils

(Note: this paragraph will be updated once replies have been received from all councils and before the date for submission of 21 May 2018)

9. Suggested course of action envisaged

The following action is envisaged, if this remit is passed:

- The President of LGNZ will write to the NZ Local Government Funding Agency, and all major banks in NZ which manage investment funds on behalf of local authorities, to advocate that they transition away from investments in fossil fuel industries and consider opportunities for long term investments in low- or zero-carbon energy systems.