

To: Low-emissions Economy Inquiry
New Zealand Productivity Commission
PO Box 8036
The Terrace
Wellington 6143

2 October 2017

Dear Steven Bailey,

RE: NEW ZEALAND PRODUCTIVITY COMMISSION INQUIRY INTO THE OPPORTUNITIES AND CHALLENGES OF A TRANSITION TO A LOWER NET EMISSIONS ECONOMY FOR NEW ZEALAND

Whilst many developed countries have decreased their carbon footprint considerably over the last few years, New Zealand has increased its carbon footprint by 19% since 2010. Our neighbour Australia, for example, has in the same timeframe decreased their carbon footprint by 7%. In support of New Zealand's commitment to the Paris Agreement we, Venture Southland, a regional economic development agency for Southland, propose a regional co-ordinated approach to support real carbon cutting initiatives that will provide significant benefits to our region and the greater New Zealand.

Southland is a highly productive region, with just over 2.2% of the population contributing to 15% of New Zealand's tradeable exports and 70% of the region's GDP, above the national average of 40%. With an aging population and to sustain the productivity that Southland is known for skilled staff are required. Venture Southland is active in attracting migrants to the region as well as ensuring that skilled workers remain in Southland. Southland, like other regions in New Zealand, is suffering from poor air quality, polluted rivers and increasing waste management difficulties. For Southland to grow in population and sustain a healthy environment a dramatic change to a more sustainable future is necessary to develop efficient non-wasteful, non-polluting and globally competitive industries and communities.

Venture Southland is working hard to reduce Southland's greenhouse gas emissions. One of the projects we have been involved in is the Wood Energy South three year program, winner of the Deloitte Large Energy User of the Year award 2017. The project has reduced 216,800t of greenhouse gas emissions over the projects lifespan, eliminating 3,200 cars off the road yearly. Venture is currently working on a dairy methane recovery project, is building a business case and funding mechanism for other farms to adopt this renewable energy technology to reduce the emission of New Zealand's 6.5 million cows which are equivalent to the emissions from a population of 97 million people.

The current New Zealand Emissions Trading Scheme's business model of purchasing credits overseas does already have an impact on rate payers, is not linked to any real greenhouse gas reduction targets and does not economically or socially profit New Zealand.

Venture Southland is proposing a regional platform to invest in reducing carbon emission locally, increasing business activity and productivity and to clean up our environment. We propose a scheme that would provide funding to local initiatives in resource and energy recovery, alternative and sustainable transport solutions, sustainable businesses and warm home initiatives.

At a cost of \$4.16/t of CO2 avoided, the above mentioned Wood Energy South project has shown that New Zealand is \$12.74/t of CO2 better off by investing in local projects. With a rising carbon price local investment would not only reduce the cost of purchasing carbon but, as shown in the Wood Energy South project, also provide business with significant long-term saving and a competitive edge.

We believe that by showing leadership this initiative would not only profit our region and New Zealand but would also drive individual's choices to leading a more sustainable decision making.

Whilst working on sustainable initiatives Venture is also focused on increasing business's and workplace operation's productivity and efficiency and has developed a range of programmes to continue Southland's economic strength and to grow the region's GDP. Over the past six years Venture has coordinated 130 businesses through the implementation of Lean management programmes that focus on minimising waste, such as time and processes, and maximising productivity whilst growing businesses' EBITDA to ensure that New Zealand's business can be globally competitive in a New Zealand setting. Lean Business has been applied throughout Southland industries. Some key successes include Avon Engineering doubling the number of jet-boats produced per year and Beatties Panel Beaters shifting from 60% to 90% efficiency across both paint and panel shops. Fibreglass Innovation and Beatties Panel Beaters both have won regional and national awards for their achievement. 50 of Southland's leading dairy farmers have participated in the program. Lean processes empower behavioural change and enable exceptionally greater benefits to be achieved than capital investment in efficiency alone. One of Venture's key mission is increasing productivity in all aspects of operations through behavioural change and supporting these practices with the implementing of sustainable and energy efficient practices and technologies to cut carbon emission.

In support of New Zealand's commitment to the Paris Agreement we believe that Treasury, NZTE, the Foreign Direct Investment, Overseas Investment Office and Ministry for Foreign Affairs and Trade need to work together to consider the effects of carbon on investment and decision making and the profit and prosperity that local investment can bring to New Zealand's economy.

We believe that we can drive change on a local level, that will future proof our economy, provide our businesses with a competitive advantage and will work towards cutting carbon emissions in our wonderful region, Southland.

We look forward to hearing from you.

Yours faithfully



Stephen Canny

GM Business and Strategic Projects