



# The Emissions Reduction Plan

Submission by the Ākina Foundation

## Introduction

We are grateful for another opportunity to provide feedback on the Emissions Reduction Plan. However, we also note the previous consultation processes on reducing emissions, and refer back to the information we have shared previously across multiple government departments and the Climate Change Commission.

Many of the ideas and positions we will put forward in this submission have been put forward before. They draw from our own proven programmes of work, current initiatives, and/or are backed by research enabled through our partnership with the Government.

In March of 2021 we wrapped up a three-year \$5.5m Government partnership, administered through the Department of Internal Affairs called **The Impact Initiative**. Three years of engagement, research and development led to the creation of [15 recommendations for the Government](#). The recommendations outline changes and initiatives that would enable the growth of impact across our economy – from Government, business and enterprise alike.

**We are eager to emphasise the significant overlap between our Government recommendations, and the initiatives required to meet the goals of this Emissions Reduction Plan.**

We are waiting on the Government's response to the recommendations, which are expected to be in the form of a cabinet paper, from the Hon. Radhakrishnan as Minister for the Community and Voluntary Sector and the Minister for Economic and Regional Development, the Hon Stuart Nash (with the support of the Department of Prime Minister and Cabinet.). It is our understanding that this paper will be tabled before the end of the calendar year.

Businesses like social enterprises can and must play an integral part of our response to the climate emergency, and the bold action needed to reduce emissions. In order for this to happen, the Government must encourage and support strong partnerships with the entire business sector, along with philanthropic and community sectors, to achieve our ambitious and essential zero-carbon targets.

## Background on The Ākina Foundation

The Ākina Foundation is an impact consultancy and a social enterprise. We have been supporting businesses, enterprises and the Government to make positive change since 2008.

Ākina is a climate positive organisation through certification with Ekos, and a member of the Climate Leaders Coalition. We are an approved All-of-Government consultancy services provider, and a trusted partner to government, having concluded a three-year \$5.5m partnership with the Government in March this year.

We are led by our purpose to help create an Aotearoa New Zealand where creating positive impact – social and environmental outcomes – is a normal part of how we all do business.

## 1. Equitable transitions strategy

We agree with the objectives set out by the Climate Change Commission. It is critical that the Equitable Transitions Strategy is accelerated and begins now. This needs to be developed in partnership with iwi Māori, communities, business and government and takes a co-design and co-determination approach.

This is in alignment with the Sustainable Business Council/Climate Leaders Coalition submission recommendation for a terms of reference for an Equitable Transitions Strategy and for its acceleration (SBC/CLC submission 3.2 and 3.3).

We also support the Sustainable Business Council/Climate Leaders Coalition submission in regards to close collaboration between business and Government to implement the Emissions Reduction Plan. (SBC/CLC submission 3.1).

We support the practical initiatives that they suggest including the climate advisory group, a regular forum and collaboration at a sector level. We believe it

is vital that there is representation from impact businesses in the advisory group, as well as within any forums and sector collaborations.

We also note our support for the Sustainable Business Council/Climate Leaders Coalition recommended action for immediate action to develop a method of monitoring and review of impacts on policy. Impact Measurement was a core recommendation with our government partnership, **The Impact Initiative**, with two key white papers detailing how the government can improve its impact management and measurement. [Recommendation 2.1 Building the capability of govt funders, buyers & investors](#) and [Recommendation 2.2 Developing and Implementing Outcome Indicators](#)

It is also critical that the NZ government’s Education Work Programme forms the foundation of the Equitable Transitions Strategy, enabling all New Zealanders to develop the skills needed to thrive in a zero-carbon society. Currently there is no reference to climate change in the Education Work Programme cabinet paper, which should be revised to plan for how we educate and support life-long learners to adapt, transition and innovate for a low-emission future. We recommend that the Education Work Programme is refreshed and aligned with our ambitions for a low-emission future.

**We recommend that the Government delivers the Equitable Transitions Strategy by mid 2024, co-designed with iwi Māori, communities, and business.**

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## **16. How can the Government further support households (particularly low-income households) to reduce their emissions footprint?**

Government has a role to play in supporting programmes that enable households, particularly lower income households, to make changes that reduce their emissions, especially in regard to transport.

Ākina facilitated the creation of a car-leasing pilot programme of low-emission vehicles through our partnership with the Manukau Urban Māori Authority (MUMA) in conjunction with The Tindall Foundation (providing capital) and Toyota New Zealand (providing cars). Additionally, we have engaged with MBIE, Waka Kohtai and Auckland Council to provide funding to support the operational needs of the programme pilot.

The programme is called Waka Aronui. It is focused on providing affordable access for families and whānau to safe, reliable, low-emissions vehicles. Innovative programmes like this can be supported by the Government to enable them to scale at pace and provide positive climate action. We have provided a business case for scaling this programme to the Ministry of Transport with strong interest from the Minister of Transport Hon Michael Wood.

**We recommend that the scaling of Waka Aronui is included in the Government's Emissions Reduction Plan, and where appropriate is connected to other key initiatives.**

In the case of Waka Aronui, the positive impact flows beyond reducing emissions; it also helps increase financial resilience of households by providing an affordable transport solution without hidden costs. We recommend that this programme is connected with other key priorities such as vehicle scrappage and the encouraging the uptake of public transport, walking and cycling to reduce vehicle kilometers travelled across every community in Aotearoa NZ.

We also recommend government investigate how the decarbonisation of their own fleet could provide supply of low emission vehicles into low-income families as those cars mature out of the government fleet. Through innovative procurement approaches, these cars could be directed to programmes like Waka Aronui, achieving greater equity outcomes for communities.

**We recommend that MBIE New Zealand Government Procurement investigate and pilot schemes to provide low-income families with ex-government fleet, low emissions cars.**

## 18. What additional resources, tools and information are needed to support community transition planning?

Government cannot solve New Zealand’s emissions issues alone. The creation and development of impact businesses is crucial to enabling our transition to a low carbon economy. Impact businesses are for-purpose businesses (eg. social enterprises) that exist to make a positive difference for our environment and our communities.

Our research and experience has shown that Impact businesses are often deeply connected within specific communities and respond to genuine needs from within those communities.

**The Impact Initiative** recommended the creation of tools and resources dedicated to impact ([Recommendation 4.1 Access to impact focussed tools and resources](#)) to support the creation and operation of more impact businesses.

In November 2021, through our work with business.govt.nz, we released [an initial set of resources](#) targeted at business owners and entrepreneurs wanting to start purpose-led businesses. The creation and promotion of resources like these is key to building greater understanding and capability amongst SMEs.

**We recommend that MBIE explores the further development of more resources and tools to support all businesses to embed and deliver social and environmental impact through their activities.**

## 19. How could the uptake of low-emissions business models and production methods be best encouraged?

Currently, the adoption of low-emissions business models and production methods is seen as overly complicated, another thing to do, and therefore another barrier that may prevent a business succeeding. Let's change this mindset, and prioritise the creation of an enabling ecosystem for low-emission business models.

There are several crucial aspects to consider in order to create an enabling ecosystem that genuinely encourages the uptake of low-emissions business models and production methods.

- 1) **Capability:** Increase the understanding of these business models and methods, both within founders and professional advisors. The limited understanding of these areas currently makes it difficult for businesses to consider it amongst the myriad of other priorities they have. It is also too expensive to engage professional advisors for support in these areas, and often the professional advisors themselves have limited experience, creating significant barriers that need to be overcome in order for these areas to be encouraged.
- 2) **Investment:** Investment is critical to enable businesses to quickly grow, and there is currently record amounts of investment going towards environmentally focused businesses world wide. But, the capability challenge set out above means there are limited low-emissions businesses who are ready for investment in New Zealand. This results in not enough investment going to environmentally focused businesses, and therefore the growth of those businesses being held back.
- 3) **Incentives:** Actively enable all of the above. Fund the building of capability in these areas, and actively prepare businesses to grow through investment. Understand that the long-term benefits to people and our planet more than offset any costs incurred in doing so.

Ākina has been running an **Impact Investment Readiness Programme** for the last five years which delivers to each of these areas. The programme provides funding to impact businesses to enable them to engage professional advisors that help them get ready to raise capital. On average, the businesses that we have supported through our programme have raised investment of 25 times the grant funding provided. In 2021 there was \$275,000 in funding that went to fifteen enterprises. However, the demand for this completely outstrips the funding available, with over 150 impact businesses applying for support in 2021. The Australian Government supports a similar programme with AUD\$8m in funding. There is no Government funding currently for a New Zealand equivalent.

This programme could specifically target lower-emissions businesses that exist to create positive climate outcomes, but need support to develop their capabilities and secure investment to scale. **Further detail on how this programme can be scaled is included as an appendix to this submission.**

This programme is ready to be scaled in 2022, as evidenced in **The Impact Initiative** recommendation ([Recommendation 3 Using Impact Investment to increase wellbeing outcomes](#))

**We recommend that the Government scales the Ākina Impact Investment Readiness Programme.**



## 2. Aligning systems and tools

### Government accountability and coordination

#### 23. Is there anything else you wish to share in relation to government accountability and coordination?

We strongly recommend that the Government's procurement rules are further strengthened, particularly with a focus on the implementation of these rules. This is a significant opportunity to deliver climate outcomes, as it is vital that the Government's \$51 billion+ procurement spend contributes to the reduction of Aotearoa NZ's emissions. Strengthening Rule 20 of the Government Procurement Rules (4th Edition) is critical, as only three initial priority areas were identified as part of Rule 20 when it was published in 2018 (office supplies, light vehicles & processed heat). The lack of policy implementation and prioritisation of procurement within many agencies has diminished agencies' ability to harness the Procurement Rules. This has limited the positive impact that procurement spend can have on reducing government's emissions, especially in regard to Scope 3 emissions.

While there is emerging cross-agency collaboration with respect to Climate and Procurement as part of the [Carbon Neutral Government Programme](#), many agencies need support to:

1. understand the role procurement can play in driving a low-emissions economy,
2. to identify opportunities, and, importantly,
3. to embed changes in procurement practice that drive positive outcomes.

**We strongly recommend that the Government's procurement rules are further strengthened, particularly with a focus on the implementation of the rules and that MBIE NZ Government Procurement plays a leading role in the Government's response to reducing emissions.**

Given the importance of the supply chain and Government's leadership role in addressing this challenge, we recommend that NZ Government Procurement (part of MBIE) plays a leading role in the government's response to this opportunity. This also aligns with work that NZGP is undertaking (*Positioning Procurement for the Future*) and an associated work programme that harnesses the potential of the market & supply chains to deliver real and meaningful outcomes. The Work Programme, which takes a 10 year horizon to changing procurement, is being led by Minister Nash and includes three themes; data and transparency, working together as one and unlocking value. All themes have links to climate as a key challenge. We recommend that the government continue to prioritise, invest and accelerate this programme.

**We recommend that the Government increases the recognition of climate and emissions reduction within all procurement activity and actively supports increasing the capability of all government suppliers to measure, report and reduce their carbon emissions.**

Akina has been working with the public service for over three years, providing specialist social procurement support to agencies. This has been part of our wider Impact Buyer Programme which includes several significant private businesses from multiple sectors, and local Government organisations. Recommendations from this work to strengthen procurement for positive outcomes were presented to the Government in late 2020, which provides a framework for further action:

1. Strengthening the leadership of procurement across Government in Cabinet and engaging executive leaders in key agencies, Treasury and the Public Service Commission
2. Encourage key agency ownership of procurement by mandating social procurement plans
3. Form a central coordinating body for social procurement as part of the Procurement Functional Lead – (potentially within the Carbon Neutral Government Programme)
4. Implementing a targeted social procurement capability initiative for procurement professionals in key agencies

5. Put in place effective connections between Government and the market by leveraging existing initiatives, partnerships and intermediaries
6. Develop and implement a set of consistent outcome indicators that can be used to measure and improve social procurement.

More recently we have been working directly with NZ Government Procurement to support *Positioning Procurement for the Future*. This work involved engaging Government stakeholders to gather insights into current best practice, and to shape the associated Work Programme.

Ākina is well-positioned to support any procurement related initiatives involving Government and the wider market, as this builds upon our current work with both NZ Government Procurement and other buyers and suppliers in the market. Climate is an increasingly important driver for everyone, and there is a desire to do this in a collaborative way.

We would like to express our support of the Sustainable Business Council/Climate Leaders Coalition submission recommendation to develop a programme of results based procurement/financing (SBC submission 4.2)

## **24. What are the main barriers or gaps that affect the flow of private capital into low emissions investment in Aotearoa?**

There are a number of barriers in Aotearoa that are slowing the flow of private capital into low-emissions investments. In doing so, they are also slowing the growth of some of our most exciting businesses that are aiming to reduce emissions. These barriers affect both the supply and demand sides of the market.

### **Supply side:**

1. Increasing the availability of capital which targets lower financial returns, so that a greater variety of businesses that tackle environmental issues can access growth capital (rather than only venture style businesses);

2. Increasing the understanding amongst investors of low-emissions businesses and how to support them, so that investors can add value to all aspects of their portfolio companies rather than just the financial aspects of the business.

**Demand side:**

1. Increasing investment readiness capability amongst environmentally focused businesses, so they know how to prepare for impact investment. Doing so will lead to more businesses accessing capital to grow, while also strengthening the pipeline for investors looking for sustainable investments.

Barriers such as these have existed in Aotearoa for a number of years. Government initiatives can significantly change this however and, in doing so, enable more private capital to flow into businesses, which will significantly grow the impact of those businesses. As referenced above (Question 19), scaling proven programmes such as Ākina’s Impact Investment Readiness Programme is an action the Government can take now.

This has been referenced in several reports over the years, most recently within the Toitū Tahua Sustainable Finance Forum 2030 Roadmap. This roadmap has key recommendations which will contribute to increasing the flow of private capital.

**We support the recommendations in the Toitū Tahua Sustainable Finance Forum 2030 Roadmap and join the Sustainable Business Council and many others in urging the Government to implement the Sustainable Finance Forum’s recommendations.**

### 3. Research, Science and innovation

#### 41. Are there any other views you wish to share in relation to research, science and innovation?

Ākina has provided input into the start-up action plan, and we broadly support this plan. However, we encourage greater ambition with a goal to cement an international reputation for Aotearoa New Zealand as the impact start-up capital of the world. Specifically, we believe that there is a significant opportunity for the New Zealand Government to support the creation of the world's best climate focussed start-ups. In order to achieve this:

**We recommend the Government plays an enabling role to build:**

1. A supportive ecosystem, where the Government has a role in removing barriers and,
2. Alignment between targeted funding and opportunities for local start-ups
3. Mechanisms to accredit/certify the goods and services that reduce emissions and provide positive social and environmental impact.
4. To ensure that all start-ups have the capability to measure, reduce and enhance their climate activities.

Additionally, it is currently too hard for suppliers to provide the Government with goods and services. Ākina Impact Certification was established in 2018 (originally under the Government-funded programme **The Impact Initiative**) and has certified over 100 impact suppliers. We are working to connect these suppliers with a buyer group of large businesses with a combined procurement spend of around \$30 billion, as well as with government. Amotai works in supplier diversity, and has a database of hundreds of Māori and Pacific businesses.

**We recommend that the Government identify suppliers that create positive**

impact by working with partners like Ākina and Amotai, and strengthen relationships with these partners in order to build both the demand and supply of goods and services that contribute to broader outcomes.

Additionally, we recommend that the Government supports government agencies to implement the broader outcomes required of government procurement.

We also note that the Research, Science and Innovation System is under review.

We recommend that climate change is at the core of our science system going forward. We recommend that the upcoming Te Ara Paerangi Future Pathways Green Paper is closely aligned with the Emissions Reduction Plan and its objectives.

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## 4. Behaviour Change

### **42. What information, tools or forums would encourage you to take greater action on climate change?**

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### **44. Are there other views you wish to share in relation to behaviour change?**

The recent publication of the 'Doing Business for Good' section on [business.govt.nz](https://business.govt.nz) represents a significant step forward in terms of Government talking about purpose-led business, though there is much more to be done. Initiatives like the [business.govt.nz](https://business.govt.nz) Climate Action Toolbox are notable, but this focuses on more sustainable operations for businesses rather than supporting specifically impact businesses like social and community enterprises to grow the good outcomes they create.

It is crucial that we see continued messaging on Government channels, along with active support for tools and resources that specifically encourage *purpose-led and impact businesses* to start well and run well. In particular, there is a need for more tools that enable businesses to measure and reduce their carbon footprint. All this emphasises that businesses have a hugely important role to play in helping Aotearoa New Zealand meet our emissions reduction targets.

This is in line with our recommendation to the Government as part of **The Impact Initiative**; that the Government supports the creation of accessible impact-focussed tools and resources so that more enterprises can learn how to create and sustain positive impact. ([Recommendation 4.1](#))

On behaviour change, we note the suggested approach that the Government sets up a fund with a nominated lead agency to drive behaviour change. We believe that this would be a significant missed opportunity.

We recommend taking steps to set up an independent entity that operates like a social enterprise, funded by the Government and other key partners. This is the right approach because such an organisation would require deep and genuine engagement, in order to deliver targeted initiatives and trusted messaging that drives behaviour change, within specific communities, sectors and businesses. Our experience tells us that social enterprises are able to achieve close connections with communities – often taking a ‘by community, for community’ approach to delivering their impact. This depth of engagement cannot be achieved by a Government agency. The goal must be to enable the people targeted to change their behaviour, which requires them to recognise themselves within the process and build trust. Throughout the Covid-19 vaccination campaign we all have seen the amazing outcomes that can be achieved through engaging and communicating at this level but we have also seen the challenges that government can have to be trusted and relevant across diverse communities.

This approach also supports the fact that the Government alone is not going to change people’s behaviour as we transition to a zero-carbon future. Every part of our society must be involved – local communities, businesses, non-for-profits, local & central government. We must all contribute and take responsibility for achieving the outcomes we strive towards. There must be an entity who represents us all, in order to drive this critical outcome.

**We recommend that the Government work with partners to fund a new entity to champion behaviour change, that operates under a social enterprise model.**

This approach is also in line with our recommendation to the Government from **The Impact Initiative**; using social enterprise models to achieve Government goals ([Recommendation 2.4](#))

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## 5. Transitioning key sectors

### **57. Are there any other views you wish to share in relation to transport?**

As referenced in our submission above, we fully support the government’s efforts to support the rapid adoption of low- emission vehicles and fuels, through the implementation of community solutions to make low-emission transport options accessible for low-income New Zealanders. Ākina and MUMA’s Waka Aronui programme is ready to be scaled to achieve the transport targets in Budget 1.

We support SBC and CLC recommendation, in regards to full utilisation of the Clean Car Sector Leadership Group. (SBC/CLC submission 2.1.2)



**We recommend the work of the Clean Car Sector Leadership Group should be accelerated and expanded to realise its full potential to develop practical solutions to overcome the key barriers to uptake of low-emissions vehicles in New Zealand.**

The group should focus its efforts on, and be resourced to develop practical solutions to, the following:

- Timing of ICE import restriction
- Charging infrastructure
- Equity – access and affordability
- Reducing demand for vehicles – Mobility As A Service