



## Education Report: Commentary on March Cabinet report-back on the Carbon Neutral Government Programme

<b>To:</b>	Hon Chris Hipkins, Minister of Education		
<b>Date:</b>	8 March 2021	<b>Priority:</b>	Medium
<b>Security Level:</b>	In Confidence	<b>METIS No:</b>	1252485
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### Purpose of Report

The purpose of this paper is for you to provide commentary on the implications for the education portfolio contained within the Cabinet Paper: *Carbon Neutral Government Programme: Report back and further implementation decisions*.

### Summary

- 1 The Minister for Climate Change is scheduled to report back to Cabinet on the Carbon Neutral Government Programme in March 2021. The accompanying Cabinet paper is with your office for Ministerial consultation and includes discussion on the level of involvement of schools.
- 2 The Carbon Neutral Government Programme has a goal of a carbon neutral government by 2025. The programme's first step is emissions reporting, with schools earmarked to begin reporting on specific emission areas at the end of 2023. This reporting has three scopes:
  - Scope 1: Direct greenhouse gas emissions (i.e. fossil fuels);
  - Scope 2: Indirect greenhouse gas emissions from imported energy (i.e. electricity); and
  - Scope 3: Indirect greenhouse emissions from transportation, and products an organisation uses (i.e. materials and waste).
- 3 In line with your direction, the Ministry of Education has committed to begin measuring and reporting on elements of Scope 1 (coal use) and Scope 2 (electricity consumption) for the schooling sector. Throughout 2021, the Ministry will undertake further investigations to understand the practicality and impact on boards of trustees, schools and the Ministry of Education of collecting data for Scope 3 and the remaining elements of Scope 1.
- 4 The Cabinet report back in March 2021 recommends we report back to you and Carbon Neutral Government Programme Ministers on the outcomes of this investigation and the Ministry's recommendations by December 2021.

- 5 The Cabinet paper recommends State-integrated schools are out of scope of the Carbon Neutral Government Programme. The different ownership of property and key infrastructure of these schools (which is owned by third party proprietors such as the Catholic Church) makes clearly identifying and accounting for emissions generated by the “government” component of state-integrated schools too difficult to determine.
- 6 The Ministry’s corporate property portfolio is part of Tranche 1 and is required to set emissions reduction targets and plans by December 2022. The Ministry has commenced work to measure its carbon emissions in line with the scope of reporting of emissions sources noted in the Cabinet paper. The Ministry will use this information to establish emissions reduction targets and plans during 2021 in preparation for meeting this reporting timeframe.

## Recommended Actions

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The Ministry of Education recommends you:

- a. **note** that the Carbon Neutral Government Programme is due to report back to Cabinet in March 2021.

**Noted**

- b. **note** the March 2021 Cabinet report back commits the Ministry of Education to begin reporting on coal and electricity use, and investigate the costs, time and potential impact on School Boards, Schools and the Ministry of Education for collection of remaining emission reporting elements.

**Noted**

- c. **note** the March 2021 Cabinet report back proposes that the Ministry of Education, in consultation with the Ministry for the Environment, report back to the Minister of Education and the Carbon Neutral Government Programme Ministerial Group on the outcome of the investigation and recommendations for further emissions reporting by December 2021.

**Noted**

- d. **note** the March 2021 Cabinet report back recommends that State-integrated schools are out of scope of the Carbon Neutral Government Programme.

**Noted**

- e. **support** the direction of the Carbon Neutral Government Programme for the schooling sector as set out in the Cabinet paper.

☒ **Agree** ☐ **Disagree**

- f. **proactively release** this Education Report once Cabinet has discussed and agreed on the Carbon Neutral Government Programme approach for the schooling sector.

☒ **Release** ☐ **Not release**



Kim Shannon  
Head of Education Infrastructure Service

08/03/2021



Hon Chris Hipkins  
Minister of Education

19/03/2021

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## Background

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1. On 2 December 2020, the Carbon Neutral Government Programme (CNGP) was announced as a response to the Climate Change Emergency Declaration (METIS 1246367 refers). The aim of the CNGP is a carbon neutral government by 2025, and will be achieved through a long-term work programme that includes:
  - Measure, verify and report emissions annually;
  - Set gross emissions reductions targets and longer-term reduction plans for the next decade;
  - Introduce a phased work programme to reduce organisations' emissions; and
  - Offset emissions after gross emissions reductions are made to achieve carbon neutrality.
2. On 30 November 2020, Cabinet agreed that school boards would be directed to report on their emissions and publish reduction plans from the 2022/23 financial year - but noted that some exemptions or a different approach to individual reporting may need to be made for entities such as school boards [CAB-20-MIN-0491 refers]. A report-back was requested for March 2021. The draft Cabinet paper *Carbon Neutral Government Programme: Report back and further implementation decisions* is currently with you for Ministerial consultation.
3. During the Cabinet Business Committee discussion of the CNGP, you indicated a preference for the Ministry to be responsible for managing the reporting process rather than individual school boards. This ties in with a general direction to reduce the compliance burden on school boards as part of the ongoing implementation of the Tomorrow's Schools Review.
4. Key messages are presented in Appendix One, for your reference during Cabinet's consideration of the March 2021 report-back paper.

## CNGP Reporting Requirements

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5. Emissions reporting requirements presented by the Ministry for the Environment (MfE) are focused on operational carbon emissions and are grouped into three scopes:
  - Scope 1: Direct GHG emissions (i.e. fossils fuels)
  - Scope 2: Indirect GHG emissions from imported energy (i.e. electricity)
  - Scope 3: Indirect GHG emissions from transportation (within an organisation), and from products an organisation uses (i.e. materials and waste).
6. MfE has advised that comprehensive reporting on the three scope areas will be required to enable agencies to accurately calculate, reduce, offset and claim carbon neutrality.

## Approach for Schools

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7. A comprehensive programme for data collection and reporting is likely to be administratively burdensome on school boards and a distraction from their core role (METIS 1246367 refers). The Ministry's preference is that involvement of school boards and school staff in data collection is minimised. The Ministry has agreed with MfE a tailored approach to reporting on emissions generated by schools. A table outlining the specific elements to be measured and reported on is attached as Appendix Two.

8. We have agreed with MfE that:
  - a) The Ministry will begin measuring and reporting on elements of Scope 1 (coal use) and Scope 2 (electricity consumption); and
  - b) Throughout 2021, the Ministry will undertake further investigations to understand the practicality and impact on boards of trustees, schools and the Ministry of Education of collecting data for Scope 3 and the remaining elements of Scope 1.
9. The March 2021 Cabinet report back proposes that the Ministry, in consultation with MfE, reports back to the Minister of Education and the CNGP Ministerial Group by December 2021 on the investigation and recommendations for further emissions reporting in the schooling sector.
10. The Ministry-led approach to CNGP reporting will not preclude school boards from taking their own steps to reduce emissions.
11. Reporting on school emissions through the CNGP will build on several programmes already underway that are focused on improving the environmental performance of the school property portfolio. These include:
  - a) replacing up to 90 coal boilers with low emission biomass alternatives [METIS 1218022 & 1220552 refer];
  - c) improving the quality and operational efficiency of learning environments (including installation of highly efficient LED lights and insulating buildings at approximately 600 schools);
  - d) improving the amount and quality of data the Ministry holds on State schools to inform planning and decision-making, including:
    - o centrally collecting data on schools' electricity consumption,
    - o detailed energy efficiency trials at 56 schools,
    - o trials and audits of construction and demolition waste on school construction projects, and
    - o carbon foot-printing of our standard reference designs for school buildings.
  - e) Strategic work programmes including Te Haratau (delivering Quality Learning Environments by 2030) and implementation of our Environmental Action Plan for school property, due for release in mid-2021.

## Challenges

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12. A major hurdle for the Ministry to overcome is accessing accurate data about schools' energy use, beyond electricity consumption (gas, coal etc). Current regulatory settings for energy supplier reporting do not provide for standardised reporting methods across the energy network. This means we are likely to be reliant on individual schools' billing information to gauge total consumption across the schooling network. We have raised this with MfE and suggested that formal direction may be required to strengthen regulatory settings.
13. Further work is also required to collect electricity and coal data from schools. To date, this process has worked on a voluntary model. While this has been very effective, it is unlikely to garner 100 percent compliance from schools. We have begun identifying options, including the use of regulations, which will be included in the Ministry's report-back in December 2021.

## Exclusion of State Integrated Schools

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14. It is recommended that State-integrated schools are out of scope of the CNGP. This is due to the complex arrangements between the Ministry, school boards and proprietors. Notable issues include:
  - a. Most school-based emissions are directly related to property (e.g. heating), which in State-integrated schools is owned by the proprietor. There are limitations on what the Ministry can compel proprietors, as a third party, to report on.
  - b. Distinguishing between property use can be difficult as State-integrated schools are often co-located on sites with other proprietor-owned property that is not part of the State-funded school – such as churches, boarding hostels etc.
  - c. Potential that proprietors will seek additional Crown funding for any investment required to reduce emissions from their buildings, as it would be an additional impost upon the proprietor as a private body.
15. Throughout 2021, the Ministry of Education will investigate options for including State-integrated schools into ongoing reporting, and will provide information and guidance developed for State schools to State-integrated schools should they wish to voluntarily provide emissions reporting data to the Ministry.
16. We understand that the Minister for Economic and Regional Development has suggested that any school receiving funding from the State should be part of the CNGP. Key messages are provided in Appendix One should this be raised during Cabinet.

## Approach for Tertiary Institutions

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17. The Cabinet paper continues to include Tertiary Education Institutions (TEIs) as organisations that are 'encouraged' to measure, verify, and report on their emissions. We are working with the Tertiary Education Commission (TEC) on a plan of engagement for discussing this with TEIs and understanding their work in this space.

## Approach for the Ministry of Education's Corporate Portfolio

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18. The Ministry as a public service department is a participant in the first tranche of organisations required to set emissions reduction targets and plans by December 2022. The Ministry has commenced work to measure its carbon emissions in line with the scope of reporting of emissions sources noted in the Cabinet paper and will use this information to establish emissions reduction targets and plans during 2021 in preparation for meeting this reporting timeframe.
19. The Ministry notes the "electric vehicles first" commitment of the CNGP. The Ministry's vehicle fleet (the sixth largest across all Government agencies and 11<sup>th</sup> lowest emitter across all government agencies) supports the provision of frontline education services from regional locations. Some challenges identified from this commitment, include:
  - a. Significant investment requirements for introducing electric vehicles and the associated charging infrastructure;
  - b. Limited charging infrastructure in remote locations; and
  - c. Unsuitability of some Ministry offices for the installation of chargers due to age of the infrastructure and/or term of the lease.

20. The Ministry is currently scoping the electric vehicle introduction programme in line with the vehicle fleet lease expiry timeframes and vehicle replacement programme over the next four years. This programme will explore these challenges.
21. In addition, the Ministry is also considering options to participate in electric car share schemes provided by third party providers on the All of Government “Less than One day rental” supplier panel to supplement the supply of electric vehicles to support the delivery of services where such vehicles are available to be used (i.e. currently, Auckland, Wellington and Christchurch).
22. The Ministry is planning to introduce electric vehicles into the vehicle fleet this year pending approval of an application for funding to the State Sector Decarbonisation Fund managed by Energy Efficiency and Conservation Authority for the purchase and installation of three smart electric chargers at the Whangarei office to support the leasing of three electric vehicles. This will provide an opportunity to build Ministry experience and capability in these new technologies. Further applications for funding may be put forward as we develop our longer-term planning for electric vehicles introduction into the fleet.
23. The Ministry has identified nine offices which would be required to meet the new minimum standards and has commenced discussions with landlords about the National Australian Built Environment Rating System New Zealand (NABERSNZ) assessments.

## Next Steps

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24. The March 2021 report-back to Cabinet is provisionally scheduled for Cabinet Business Committee on Wednesday 10 March.

## Proactive Release

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25. We recommend that this Briefing is proactively released after Cabinet decisions. Any information which may need to be withheld will be done so in line with the provisions of the Official Information Act 1982.

## Appendices

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- Appendix 1: [Key Messages for Schooling Sector Involvement in CNGP]  
Appendix 2: [Scope Areas for Measuring Emissions in Schools]

## Appendix One: Key Messages for schooling sector involvement in CNGP

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- The Ministry of Education is supportive of CNGP and recognises that State schools will play an important role in the Government's transition to public sector carbon neutrality by 2025.
- The aims of CNGP tie to, and strengthen, existing Ministry work underway to strengthen the environmental performance of the school property sector.
- The Ministry of Education will take the lead on CNGP reporting for the State Schooling Sector. This approach ties in with a general direction to reduce the compliance burden on school boards as part of the ongoing Review of Tomorrow's Schools. It will also reduce costs to school boards (financial and compliance).
- The level of data required to comprehensively measure emissions is significant, with only a small portion able to be collected straight from suppliers. The Ministry of Education has committed to:
  - begin measuring and reporting on elements of Scope 1 (coal use) and Scope 2 (electricity consumption) for all state schools.
  - undertake further investigation throughout 2021 to understand the practicality and impact on school boards of trustees, schools and the Ministry of Education of collecting data for Scope 3 and the remaining elements of Scope 1.
- The outcomes of this investigation and the Ministry's recommendations will inform a report back to the Minister of Education and Carbon Neutral Government Programme Ministers in December 2021. This will allow for informed decision making on the level of school data collection required for CNGP.
- Collecting data from schools presents some challenges and potential costs to schools and the Ministry. Of note are the current settings for energy supplier reporting (for example, timing of data exchange and its standardised presentation within the Gas industry). The Ministry will work with the Ministry of Business, Innovation and Employment on how suppliers can provide better data e.g. through exploring regulatory settings in some industry sectors.

### *State-integrated schools*

- The Ministry of Education has recommended State-integrated schools are excluded from CNGP. This is due to the complex arrangements between the Ministry, school boards and proprietors. Specific issues include:
  - Most school-based emissions are directly related to property (e.g. heating), which in State-integrated schools is owned by the proprietor. This limits interventions by the Ministry due to what it can compel proprietors, as a third party, to report on.
  - Distinguishing between property use can be difficult as state-integrated schools are often co-located on sites with other proprietor owned property that is not part of the state-funded school – such as churches, boarding hostels etc.
- If emissions from Proprietor-owned buildings were to be included in CNGP calculations, it is likely that proprietors would seek additional Crown funding for any investment required to proprietor-owned buildings to reduce emissions, as it would be an additional impost upon the proprietor as a private body.
- The Ministry of Education will provide State-integrated schools with information and guidance developed for State schools, should they wish to voluntarily participate.



## Appendix Two: Scope Areas for Measuring Emissions in Schools

Scope	Direct/ indirect emissions	Ministry of Education assessment	Proposed CNGP approach
1	Direct GHG emissions removals <i>Fuel (eg, fuel used for boilers or generators)</i> <i>Refrigerant use</i> <i>Fleet vehicles</i>	<b>Fuel</b> <ul style="list-style-type: none"> <li>Approximately 1222 boilers in State schools including: <ul style="list-style-type: none"> <li>211 Coal</li> <li>145 Diesel</li> <li>4 BioDiesel</li> <li>LPG 6</li> <li>LPG gas 71</li> <li>Natural gas 721</li> </ul> </li> <li>The Ministry has received almost \$55m through the State Sector Decarbonisation Fund to remove up to 90 coal boilers over the next 4 years.</li> <li>Eight school boilers are being replaced through the Sustainability Contestable Fund.</li> <li>Currently no information on the quantity of fuel used is collected.</li> </ul> <b>Refrigerant use and fleet vehicles</b> <ul style="list-style-type: none"> <li>Currently any data collection is completely reliant on schools.</li> </ul>	<b>Collect and report</b> Fuel – coal boilers  <b>Investigate</b> Other fossil fuels used in boilers and generators Refrigerant use Fleet vehicles and machinery Rental vehicles  <b>Out of scope</b> Nitrogen fertilizer application to own land
2	Indirect GHG emissions from imported energy <i>Purchased energy (eg, electricity)</i>	<ul style="list-style-type: none"> <li>Programme underway to collect electricity data from schools. To date, around 1,250 schools are voluntarily providing their data.</li> <li>There is potential to gather LPG data from retailers, although not this is not as straightforward as electricity.</li> </ul>	<b>Collect and report</b> Purchased electricity
3	Indirect GHG emissions from transportation <i>Staff/business travel (eg, by air, rail, sea, reimbursed staff mileage, taxis, rental)</i> <i>Freight transport</i> <i>Refrigerant use (from chilled transport or air conditioning)</i>	<ul style="list-style-type: none"> <li>Collection of data is completely reliant on schools.</li> </ul>	<b>Investigate</b> Staff/student travel (e.g. by car, bus, air) excluding private travel to and from school  <b>Out of scope</b> Freight transport Working from home (electricity and waste)
	<b>Indirect GHG emissions from products an organisation uses</b> <i>Materials and waste</i> <i>Transmission and distribution losses</i> <i>Water supply and wastewater treatment</i>	<ul style="list-style-type: none"> <li>Collection of data is completely reliant on schools.</li> <li>Measuring water use would rely on installation of meters in the majority of schools.</li> </ul>	<b>Investigate</b> Waste to landfill Materials and waste and Water supply  <b>Out of scope</b> Transmission and distribution losses Wastewater treatment