



New Zealand Climate Change Project
Te Hōtaka Rerekētanga Āhuarangi o Aotearoa

Climate Change Consultation Report

**An overview of nationwide
public consultation
Oct – Dec 2001**

**including a report on written
submissions and results of a
public survey**

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Executive Summary

Consultation process

On 2 October 2001, Cabinet approved the establishment of a dedicated consultation and communications team in the Department of the Prime Minister and Cabinet. A new budget of \$1.95 million was allocated for an All of Government consultation on ratification of the Kyoto Protocol and domestic policy options. The consultation was to take place in two stages, the first of which is now complete. This report provides feedback on the first stage of the consultation, and is divided into three broad sections covering:

- a series of public consultation meetings held nation-wide;
- the written submissions received in response to the Government's request for input into ratification and the policy development process; and
- a public survey carried out by UMR Research Ltd.

The first stage of the consultation was launched by the Honourable Pete Hodgson, Convenor of the Ministerial Group on Climate Change at the Beehive Theatre on 18 October 2001. In the following two-month period, between 18 October and 21 December 2001, a number of events took place that were targeted at different stakeholder groups. These included:

- a Climate Change Forum;
- a national roadshow, including public meetings, special interest forums and business breakfasts;
- stakeholder meetings;
- Maori regional focus forums and national hui; and
- Climate Change Summits.

Over the two years prior to the formal consultation, discussions and information sessions were held with many groups. Before consultation, an extensive communications programme was implemented to stimulate interest in climate change and encourage stakeholders to attend forums and public meetings that were part of the consultation process.

9,000 information packs and 3,750 supplementary working papers were distributed as part of the communications programme. Two major economic studies by ABARE and PA Consulting were also released.

The public and other stakeholders were also invited to make written submissions. Feedback forms were included in the Climate Change Consultation Paper, *Kyoto Protocol: Ensuring our Future*, which was sent out as part of the information pack. The close-off date for written submissions was 21 December 2001.

To obtain information from people other than those who chose to attend the public meetings or to make a written submission, UMR Research Ltd carried out a telephone survey of a nationally representative sample of 750 New Zealanders, eighteen years of age and over. Fieldwork was conducted from 19th – 20th January 2002. Questions were asked to ascertain respondents' views on the importance of climate change and on ratification of the Kyoto Protocol.

Summary of messages

The messages received through the public consultation meetings and the written submissions tended to be the same and were largely based on economic concerns.

Although the majority of people who opposed ratification accepted that there was a need to respond to climate change and, in particular, to reduce greenhouse gas emissions, there was:

- a strong message from some affected stakeholders that the Government was moving ahead too fast with ratification. Some stakeholders questioned whether the Protocol was the appropriate framework for achieving the necessary outcomes, while others suggested that ratification could be delayed until more information was gathered, particularly on the probable implementation policies and actions of New Zealand's close trading partners;
- a request for more clarity about the potential costs and benefits of policies that might be put in place to meet our obligations, and the opportunities the Kyoto Protocol brings. Strong concerns were expressed about the lack of information prior to the consultation about climate change and proposed policies. Many stakeholders asked for on-going dialogue and information exchange;
- concern about the international competitiveness of many of our industry sectors when not all countries have the same requirements under the Kyoto Protocol;
- little clear indication from stakeholders about what policies they preferred; and
- a low level of real understanding within the wider community about what the Kyoto obligations entail. Responses in written submissions suggested that a number of smaller stakeholders, particularly in the agricultural and small business sectors as well as private individuals, were not familiar with the issues and concepts on which the policy consultation was based.

Industry sectors

There were also concerns across different industry sectors about the economic impacts of climate change policies, as well as with areas of specific interest:

Agricultural sector

- There are difficulties and inaccuracies in measuring agricultural emissions.
- There is concern that few if any agricultural competitors will face the cost of their emissions, due to the much smaller significance of agricultural emissions in all other Annex 1* (developed) countries.
- A lack of technological solutions might mean emission reduction would be achieved at the expense of production.
- Charges or levies on agricultural emissions would therefore be inequitable.

Forestry sector

- The long production cycle limits forest owners' ability to factor costs arising from policies into strategic business planning.
- There were concerns about the effect of policy decisions on future investment and expansion of forestry in New Zealand, and on land use decisions.

* Annex 1 of the UNFCCC is equivalent to Annex B of the Kyoto Protocol.

- The 1990 baseline is arbitrary, and will allow a minority of forest owners to gain a windfall benefit while the majority of forest owners would face a contingent liability for any future land conversion.
- Increased production costs, and consequent decrease in forest value, will impact on Maori forest owners, on employment, and on the legal relationship with Maori partners under joint venture arrangements.

Business and commercial sector

- There are concerns focused on economic outcomes, particularly in relation to international competitiveness.

Local authorities

- More information is needed about the possible impacts of policy at regional and sub-regional levels.
- The role of local authorities in implementing climate change strategies needs to be clarified.
- Greater weight should be given to the strategies for adapting to climate change that are likely to be adopted at community level.

Some Maori submitters

- Maori have not been actively involved in the ratification process and in policy development in a manner consistent with the principles of the Treaty of Waitangi and the recognition of kaitiakitanga.
- Climate change policies will have adverse economic outcomes on the primary production sector, which forms the basis of the Maori commercial asset base.
- The introduction of emissions trading does not consider the cultural practices and spiritual values of Maori.
- Economic outcomes of climate change policies may erode the value of past and future Treaty Settlement assets and lead to an increase in the number of claims.

Policy options

In the written submissions, there was a lack of detailed discussion of policy options and preferences among many of the stakeholders. While the focus of the written submissions was on issues relating to ratification, some general themes in respect of policy options were:

- a need for co-ordinated policy and consistent objectives across sectors, legislation and regulations and related policy initiatives and strategies;
- general recognition policies should be sector-specific and flexible;
- a need to recognise that limiting emissions would be constrained by the current state of technology and asset life cycles;
- there should be rewards, not just sanctions, for emissions reduction activities;
- supply side and demand side policies must be introduced;
- some support for Government taking full responsibility for emissions and funding any costs through general taxation, at least in the first commitment period. Some submitters also suggested a mix of responsibility, with Government assuming high-level responsibility for the regime, through policies and action at international level, while management of reduction strategies would be undertaken by those best placed to implement the strategies;

- limited support for emissions charges. Most support for charges was from submitters representing environmental interests. Opponents of ratification tended not to favour charges because of the impact on production costs, prices and competitiveness;
- mixed views on whether emissions trading was the best means to manage emissions;
- a tendency among stakeholders to favour hybrid policy that would allow for flexibility and for appropriate policies to be determined on a sector-by-sector basis. Business groups, in particular, supported extension of the use of Negotiated Greenhouse Agreements and other voluntary arrangements; and
- concern at the lack of detail on proposals to manage transport emissions. Many submitters were looking for more information on policies to encourage use of more fuel-efficient transportation modes such as public transport, rail, shipping, walking and cycling.

Other issues

Further conclusions that can be drawn from the consultation include:

- A number of submitters indicated support for ratification. The key point of difference was the timing of ratification. Strong supporters of ratification considered that urgent action was needed for environmental reasons. Many submitters also pointed to the need for individual patterns of consumption to change.
- Stakeholders gave no clear indication of relative priorities for the five criteria for decision-making endorsed by Cabinet. Stakeholders with commercial interests who opposed ratification of the Kyoto Protocol in September 2002 tended to identify Efficiency, Equity, Feasibility and Competitiveness as the dimensions that influenced their views. Supporters of ratification tended to identify Environmental Integrity as the policy dimension that influenced their views.

Section One: Overview of the nation-wide public consultation

Introduction

The first stage of the consultation took place between 18 October and 21 December 2001 and was launched by the Hon. Pete Hodgson, Convenor of the Ministerial Group on Climate Change at the Beehive Theatre on 18 October 2001. A number of events took place over the two months that were targeted to different stakeholder groups. These events were:

- the Climate Change Forum
- a national roadshow that included public meetings, special interest forums and business breakfasts
- stakeholder meetings
- Maori focus forums and national hui
- Climate Change Summits.

A summary of each of these events follows.

It should be noted that over the two years before the formal consultation period discussions and information sessions took place with many groups. In addition, the consultation process was supported by an extensive communications programme designed to stimulate interest in climate change and encourage stakeholders to attend forums and public meetings.

The following table gives an indication of the level of activity generated by the different activities. However, it does not include the very large volume of invitations to events that were circulated by umbrella groups to their memberships on our behalf:

Postcard invitations to public meetings	18,000
Personal invitations to events	6,890
Information packs	9,163
Working papers	3,750
School packs	2,500
Requests via 0800 line (November)	259
Unique internet hits (per day in November)	455
Website email enquiries (November/December)	201

The Climate Change Forum

The Climate Change Forum was held in Wellington on 25 October 2001 in association with Forest Research and the New Zealand Business Council on Sustainable Development. Invitations were sent to a wide range of business and industry representatives, including the agricultural, aviation, forestry, energy and transport sectors, professional service providers, universities, and Crown Research Institutes. The Forum launched the consultation process for business and industry, opening up the ratification and policy options for debate nationally.

The Hon. Pete Hodgson opened the Forum and Bill Falconer chaired it. Officials from the NZ Climate Change Programme presented information on ratification and potential domestic policy options. Representatives from sector and industry groups then provided their perspectives on those issues in a series of presentations. The forum concluded with small-group discussions on some key questions.

The Roadshow

The national roadshow took place over three weeks, beginning on 5 November 2001. Two teams of policy analysts drawn from across The Government, supported by independent facilitators, held 46 public meetings and Special Interest Forums in the North and South Islands. In addition to these meetings, separate Maori Focus Forums were run in 14 centres and a national Hui was held in Wellington on 30 November 2001.

Attendance at these meetings was as follows:

Event	Attendance
Public Meetings and Special Interest Forums	764
Maori Focus Forums and National Hui	156
Business Breakfasts	500

The meetings began with a presentation by the policy analysts on the science of climate change, the ratification of the Kyoto Protocol, and the possible policy options for implementation. In the Special Interest Forums, participants also split into groups to discuss key questions. The results of these discussions were fed back to the whole meeting at the end. Summaries of all meetings are available on the Climate Change website at www.climatechange.govt.nz.

At the completion of the roadshow, the teams met and discussed the themes that most commonly emerged from the meetings. A summary of these is outlined below:

Ratification

The common themes were:

- This consultation is not real because the Government has already made up its mind to ratify and will not take any notice of what we say;
- The Government is only concerned about world leadership and does not care what ratification will do to the domestic economy. They should look after us first and accept that as a small country we should follow, not lead;
- We don't support ratification. We are not the problem; our participation will not make a difference; we don't have enough information to make an informed decision; the Government is just building a new and expensive bureaucracy to feather its own nest.
- We support ratification but not yet – slow down (no need to rush). We would like pre-conditions to be met and do not want to ratify until:
 - we know the effects of the policy on us and confirm that they are acceptable;
 - our competitors have ratified;
 - the USA and Australia have ratified;
 - we know that the cost does not put us out of business or make us uncompetitive;
 - The Government compensates us;

- The Government excludes our industry from the policies.
- We support ratification if you get a clear mandate (in the next election).
- We should get one Treaty right (the Treaty of Waitangi) before we sign another.
- We support ratification; it's the way the world is going; we have a lot of catching up to do. We should do more than just ratify.

There were some challenges to the science underlying climate change, along with denial that the problem exists. These were infrequent but passionate. There was a high level of acceptance that New Zealand needs to act to address climate change, and a feeling that it could do so effectively without the Kyoto Protocol. There was little support for ratification in September 2002, largely because of the lack of information on the likely impact of the policy options. There was a strong message that New Zealand should slow down, develop a domestic climate change policy and understand its effects before ratifying. However, many participants wanted to delay ratification rather than not ratify at all. Others opposed it on the grounds that the Kyoto Protocol is flawed and New Zealand's ratifying will not make any difference to the global problem.

Farming and forestry groups made a concerted effort to attend meetings in the central North Island and lower South Island. They generally opposed ratification, expressing anger and concern about its potential economic impact. Farmers repeatedly asked for an exemption from any policy implemented under the Protocol that would affect their profitability, given that there is currently no sure way to reduce methane emissions.

Participants were generally critical of the order of the consultation process (ratification before final policy options) and the "rush" to complete the consultation. Some participants also said this was the first time they had heard that climate change was an issue¹. There was a level of resentment that they were being asked to make a decision on an important and complex issue in such a short time frame when little public information and education had been made available.

People said that they would like more information in a number of areas, in addition to the policy and economic impacts, in order to be able to make an informed decision about whether New Zealand should ratify. This included information on what New Zealand's trading partners were doing and the indirect effects on New Zealand of our partners' ratification or non-ratification of the Protocol.

Participants also wanted detailed information on how climate change would affect marine life, oceans, indigenous forests, health, and society. Questions were asked about how climate change would link into sustainable development policy and what the co-benefits would be from the non-market policies such as energy efficiency and transport.

Some participants thought we could still go back and get the text and the rules for the Kyoto Protocol changed. The consultation teams frequently encountered questions that demonstrated a poor level of understanding about which emissions were an issue for climate change (human breathing versus animals ruminating) and the strength of different gases (carbon dioxide versus methane).

It was difficult to encourage a balanced debate, including economic opportunities because the opportunities surrounding climate change were viewed sceptically. While there were pockets of industry that saw the opportunities, they were atypical. Possible opportunities mentioned at meetings included teleworking, renewable energy, genetic modification of livestock or feed; organic farming, agricultural research and energy efficiency.

There was little feedback on the proposed Climate Protection Bill, although there was concern about the size and cost of the bureaucracy that could be created as a result of the

¹ This is in line with the research done by UMR on climate change awareness (see Section Three)..

legislation. There was also real concern about measuring emissions, in domestic terms due to the cost and inaccuracy of current methodologies, and internationally because other countries might cheat. However, some participants stressed that if the Bill were passed, the infrastructure must be properly funded.

Policy options

Discussion around the policy options lacked depth, both in the Special Interest Forums and in the public meetings. People wanted to discuss ratification and express how they felt about it, but they struggled to conceptualise and personalise the discussion around policy options without detail of costs/benefits and implementation.

A number of suggestions were made about who should take responsibility for managing emissions. The list included the Government, the private sector, a mix, the sector responsible, the emitter, the region, transport, councils, and communities. The following responses were common:

- The Government should take most of the responsibility and manage both the sinks and the emissions in the first commitment period.
- The Government, but not alone because it won't be effective.
- Individuals, because they are creating the emissions.
- The Government should use the market mechanisms.

The first response was articulated most frequently. There were a number of reasons why people supported this approach. They saw it as a Government responsibility, because:

- The Government would be the signatory.
- This would be simple and cost-effective.
- The Government is impartial.
- Tackling climate change effectively will require an "all of economy" approach.
- It would be hard to divide up the credits.
- There would be too much gaming and politics unless the Government took responsibility.

Participants suggested that if responsibility is devolved to the private sector, then this should be given to those people who could do the job most easily; however, certain sectors (agriculture) and industries that would become uncompetitive should be exempt. The Government should target high-growth emissions and apply the 'polluter pays' principle. Allocations should be based on 1990 levels. There was general agreement that the Government should set aside a reserve to manage New Zealand's risk under the Protocol.

During the more detailed discussion of each of the market-based policy instruments, participants frequently said that New Zealand would not get anywhere unless we adopt a range of both market and non-market strategies. We should be looking hard at other related strategies to achieve the climate change objectives, including:

- Energy efficiency.
- Renewable energy.
- Transport.
- Waste.
- The role of the RMA.
- Sustainable development.

- Strategies for overall environmental protection – a holistic approach.

The first three were most commonly cited and often led to a heated debate about the need to reintroduce public ownership of railways and improve public transport.

There was strong support for a hybrid policy approach. People wanted to adopt the softer options first (non-market) and change gradually, giving high emitters the time to adapt. Most participants did not like the idea of emissions trading, seeing it as too complicated and helping multinationals and other countries to develop monopoly positions. There was, however, general acceptance that a price mechanism would be needed to change behaviours and send a signal that Kyoto was real. The preferred portfolio hybrid would probably include:

- Research
- Education
- Projects
- Negotiated Greenhouse Agreements
- A low-level carbon tax (if any price instrument is required).

Therefore, the common messages around policy options were:

- We won't get anywhere unless we adopt a range of strategies, both market and non-market.
- Renewable energy and energy efficiency offer real opportunities, but need more support from the Government.
- We should also be looking hard at other related strategies to achieve our climate change objectives (including energy efficiency, transport, waste and the role of the RMA), as well as the integration of climate change responses with other environmental policy responses and sustainable development.
- We don't like the idea of emissions trading. It is too complicated. Multinationals and other countries will develop monopoly positions.
- We should be looking to give incentives to people, not punish them. People should be able to choose whether or not to participate. Using projects for this would be good, as long as they are not captured by industry.
- Let's get into the softer options first and make the transition gently, giving high emitters the time to adapt.
- We strongly dislike regulatory approaches like those in the RMA.

The following table is a summary of the common responses to each policy instrument:

Policy Instrument	Common Responses
Government responsibility	<ul style="list-style-type: none"> • Does not create incentives • Could be funded by the sale of credits • Could encourage more forestry plantings
Emissions charges	<ul style="list-style-type: none"> • Provide incentives • Revenue could be used to fund research • The best option if there has to be a price instrument
Emissions trading	<ul style="list-style-type: none"> • Strongly oppose because it is too complicated; we don't trust this approach; multinationals, Russia and Japan will build monopoly positions
Projects	<ul style="list-style-type: none"> • Provide incentives • Reward rather than punish, which is good • Allow freedom of choice • Open to capture by industry
Levy/rebate	<ul style="list-style-type: none"> • Oppose, as it does not provide any incentives and encourages free-riders (producer boards were a commonly cited example where levies have not worked or provided value)

Other possible policy instruments that were suggested included tax rebates (e.g. on energy efficiency measures), subsidies, resource rentals on oil and gas to be recycled and full cost pricing of roads.

People were unsure when market-based policies should be implemented. Some saw this as more urgent than others, and as helpful in changing behaviours that are key to the long-term success of climate change policy. This meant there was some support for the introduction of a low-level carbon charge and projects prior to 2008, with rewards or credits being given for abatement efforts now. Participants felt that education and research should be started now, particularly in agriculture, and high emitters should be given adequate time to adapt.

Only a few stakeholders had a good understanding of the sink concept; many struggled to engage in the discussion around sinks. Farmers, forest owners and Maori were particularly interested in understanding sinks. There was sharp criticism of New Zealand's acceptance of the 1990 baseline under the Kyoto Protocol, given its apparent arbitrary nature. Participants wanted sink credits for indigenous forests, including pre-1990 forests, in recognition of their ongoing contribution to controlling emissions. They asked if scrub and shelterbelts would qualify for sinks. Maori participants thought oceans or ocean beds should qualify as sinks. Farmers thought that paddocks (soil and grass) should also be counted.

All participants were very concerned about the potential costs of compliance and how these costs change land use and land values. They were also concerned about the perverse incentives that would be created to de-forest land pre-2008, and the impact on log prices. They wanted to know how harvested wood products would be treated, and considered current treatment an anomaly. Maori, many of whom do not have the flexibility to sell their land, said they were struggling to make a living now out of marginal lands. Any additional costs would be crippling.

There was a feeling that participation in the system to receive sinks credits should be voluntary, with the Government taking responsibility by default. Participants were mixed in their reaction as to who should receive credits – the owner of the land or the owner of the forest rights. Some foresters both lease and own forested lands and saw a number of issues rising out of sinks, including the question of who should bear the cost of replanting if this is not already stipulated in leases, or if they wanted to convert to grazing lands.

Discussions in the Special Interest Forums about article 3.4 of the Protocol indicated that people thought that “if we can measure it and it is positive for New Zealand or me”, we should take advantage of this Protocol provision. In short, we should count everything we grow, including grassland management, indigenous forest management and no-tillage agriculture.

Business breakfasts

The Hon. Pete Hodgson, Convenor of the Ministerial Group on Climate Change, spoke to business audiences at five breakfasts in Auckland, Hamilton, Rotorua, Wellington and Christchurch and one lunch in Dunedin. An informal approach was adopted and those present were encouraged to participate. Many took this opportunity to actively question and debate with the Minister the climate change policy options and the ratification of the Kyoto Protocol. These events generally reflected the negative sentiment current in the business sector towards ratifying the Kyoto Protocol in 2002. It was clear, however, that this was not a wholesale rejection of climate change as a valid issue that should be addressed. There were some participants, particularly those involved in energy efficiency and renewable energy or alternate fuels, who expressed a positive view and were excited that the Government was moving to put a formal framework in place.

The Maori Programme

Many of the messages heard in the public meetings and Special Interest Forums were echoed in the Maori Regional Focus Forums and the National Hui.

The Maori Regional Focus Forums

The following is a summary of the fourteen Regional Forums:

General response to climate change

There was a general recognition that climate change is real, that it will affect New Zealand, and that New Zealand needs to take action.

Ratification of the Kyoto Protocol

There was significant opposition to the Government ratifying the Protocol until much fuller information was available on the impact or potential impact of the Government's policy measures on Maori. The general message was: “slow down”.

Te Tiriti o Waitangi

Concern was expressed that Treaty rights should not be affected and that climate change policy measures should be vetted against the Treaty of Waitangi.

Environmental issues

A holistic approach to environmental management was called for at many of the hui. Generally, Maori said that climate change policies should not be imposed in isolation from broader environmental issues (i.e. air and water quality issues needed to be addressed at the same time as climate change).

Social issues

Concern was expressed about a potential increase in the introduction of new diseases to New Zealand in the course of climate change. At some hui there was reference to Maori

having borne the brunt of past “epidemics” that resulted from European migration to Aotearoa. There was strong demand for the Government to take a much more proactive role in managing these risks. Maori expect to see this as part of the Government’s climate change policy.

Maori access to health services was also raised as an issue. Maori said they must not be disadvantaged in the Government’s response to climate change, in terms of access to and quality of health services.

Income effects

Maori expressed concern that any change to the tax regime should not disadvantage them, particularly those on low incomes.

Economic effects

As stated above, Maori did not feel in a position to agree with ratification of the Kyoto Protocol until there was a greater understanding of how policies would affect them.

At most hui, Maori referred to the inferior quality of their land holdings. They wanted to be convinced that the investments that they have made in forestry, regardless of whether it was planted pre or post 1990, would not be wiped out by the Government policy. The Government has encouraged many Maori to plant land blocks in forestry and Maori landowners were concerned they could now find themselves locked-in.

Concern was also expressed about the ability of Maori primary producers to compete internationally under the Kyoto Protocol.

Economic opportunities

Hui participants indicated that the economic opportunities for Maori were not evident from the Government’s proposals. There was a call for more clarification on the benefits of climate change policy.

Attendees at several hui said that the Government itself needed to take a more holistic approach to climate change. One example given was greater promotion of public transport.

Concern was expressed that research that might benefit Maori, in terms of adapting to climate change, was locked away in Crown research institutes.

The overall framework

Maori were concerned about the complexity of emissions trading and the other market measures.

Who should take responsibility for managing greenhouse gas emissions?

This question was generally not answered because participants felt they had insufficient information on the Government policy. Generally, it was thought that polluters should pay.

Allocation/reservation of emission units

None of the hui really expressed any firm position on this matter, requesting instead to see more detail on the policy.

Comment on the range of policy options to reduce emissions

Generally, participants did not feel able to comment and requested more information on options.

Managing carbon sinks

Maori were concerned that there was little explanation of how sinks would affect Maori landowners. In the Tairāwhiti region in particular there was a call for more definitive information about how scrub and kanuka and manuka would be treated in terms of their status as forests under the Protocol.

The National Hui in Wellington

The National Hui was held in Wellington on 30 November 2001 at Te Puni Kokiri House. The Minister of Maori Affairs, the Hon. Parekura Horomia, opened the hui. The Hon. Pete Hodgson, Convenor of the Ministerial Group on Climate Change, then talked to the twenty attendees about the Kyoto Protocol. The discussion continued until lunchtime and was chaired by the Chief Executive of Te Puni Kokiri, Leith Comer.

The issues raised at the National Hui were similar to those raised in other forums during the Roadshow and can be briefly summarised as follows:

Ratification of the Kyoto Protocol

Participants had a mixed response to the Protocol and asked if there would be benefits in being part of the "Kyoto Club". Several stated they wished to be treated as a Treaty partner and to work more closely with the Government to determine what the Kyoto Protocol and associated policy will mean for Maori. Others did not want any involvement, or felt that the Kyoto Protocol would not make a difference.

There were views expressed that the Government should be focusing on helping Maori through domestic policy rather than using money to advance international concerns. There were a lot of unresolved Treaty issues that needed to be dealt with, and questions as to what climate change would mean for fisheries claims.

Certainty of measurement

Given Maori involvement in forestry, farming and energy, some participants were concerned about how methane emissions and sinks could and would be measured accurately. Carbon measurement generally needed to be clearer.

Call for Maori communicator

Some participants felt Maori lacked an understanding of climate change issues and were not sufficiently knowledgeable about climate change to make decisions on the questions being asked by the Government. There was a call for the Government to fund someone to spread the word to Maori.

Assistance with Maori submissions, Maori Forum and policy implementation

There was a request for assistance to develop a Maori perspective on ratification and the possible policy options, as Maori did not currently have the resources and knowledge to do this. Maori participants wanted researchers and policy analysts to be made available to work on a Maori perspective so they could participate actively in the consultation and decision-making processes. As part of this process, they wanted to hold their own Forum with support as needed from officials. They needed to know what other groups were saying so they could also consider their views.

Maori also wanted to know what resources would be made available to iwi to deal with climate change on an on-going basis, including the monitoring of emissions. They asked what the role of local government would be. One speaker talked about how his own coastal village was already affected by climate change, with some 50 acres under water.

Property rights issues

Some Maori forest owners noted that, although their lands were valuable because they were covered in indigenous forests, there was nothing in the Kyoto Protocol for them because of the 1990 cut-off. This needed to be reviewed. The Government should look at how sink credits could flow to Maori under Article 3.4.

One forest owner said Maori needed a paper defining property rights for forests. Without this, he could not make a decision on Kyoto.

Costs of policies

Those present expressed a number of concerns about the potential economic costs for Maori of the Government policy on climate change. Questions raised included who was going to pay, and would climate change policy affect Maori more than others. Some speakers talked about the difficulty of making a living out of marginal land now, their inability to change land use in the future given the quality of their properties and the constraints they faced. They felt that they could not make the same decisions as other landowners.

Some Maori present also opposed the idea of the Government using levies to fund climate change policy, citing the Wool Board as an example that had not yielded benefits to them. Several also asked why “waters” were not included in the sinks policy, as oceans are sinks.

Economic opportunities

Maori asked what the opportunities would be for them. They saw that Kyoto could be a catalyst to draw Maori together. There needed to be a group in charge of innovative thinking for Maori to decide what is unique to Maori. Maori should be resourced so they could choose what they want to do and do it their way. Indigenous forests were an example of a product produced in a sustainable way by the indigenous people of New Zealand.

Consultation exhaustion

Some speakers said they felt imposed on by the constant round of consultation hui and subsequent demands on their time. They were “hui’d out”.

Stakeholder meetings

A series of workshops was held in Wellington and Auckland with sector stakeholders, many of whom had been involved in dialogue sessions. The purpose of these was to explore policy options from a sector perspective. The following are some of the notable points raised by one or more of these groups:

- We should not ratify until we know what our competitors are doing, the policy mix and its impacts.
- We should ratify, but delay introducing economic instruments until after the first commitment period.
- Ratification would place New Zealand at a competitive disadvantage. Domestic policies should maintain the competitive positions of New Zealand industries.
- Some policies, such as emissions charges, might create barriers to growth, as they would reduce available funds.
- Climate change policies needed to be integrated with other domestic and international policies (such as renewable energy and WTO).
- There should be equity of treatment between sectors.
- No one policy would suit everyone.
- There was a lack of the detailed information on policy and its effects that were needed to make decisions about whether or not to ratify, and what the preferred policy options were.
- We need to maintain flexibility and keep our options open.
- The Government needs to share with the private sector the risk of developing solutions.

The following is a brief summary of each of these workshops:

Industrial Processes Sector, 23 November

Participants were concerned that ratification would place New Zealand industries at a competitive disadvantage. Many participants thought New Zealand should not ratify the Protocol until the decisions of competitors were known. If it were ratified, domestic policies should ensure that New Zealand industries retain competitiveness with countries without targets.

There was general agreement that policy should focus on energy efficiency because the drivers for efficiency and profit were the same. Participants were concerned that policies such as emission charges would create barriers to expanded production and limit the ability of firms to make new investment for meeting future targets.

Participants were also concerned that, because significant industrial process emissions come from energy-intensive processes, this sector could be hit twice if different policies were applied to energy emissions and industrial process emissions. Because of the diversity of the sector many participants supported a case-by-case approach that would allow negotiation with individual emitters.

Forestry Industry, 26 November

Industry representatives had conducted closed workshops around the country with the forest industry to discuss climate change issues. These revealed no consensus about policy options for the industry and highlighted that more information was needed in order to assess impacts. There was unanimous concern about the September 2002 timing for ratification, given the lack of detailed policy options and thus analysis of impacts on forestry. Further meetings and research (NZIER stage III) are planned.

Oil and Transport Sector, 27 November

Policy measures should be a combination of price-based measures and measures that changed individuals' behaviour. Policies discussed included congestion pricing, minimum fuel efficiency standards, the use of financial incentives (to target improvements in vehicle fuel efficiency and increase research into cleaner fuel technology), and the ineffectiveness of passing on the price of carbon through fuel prices. In general, stakeholders were concerned about commenting on ratification without knowledge of the probable policy mix.

Energy (Coal, Gas and Geothermal) Sector, 27 November

Some participants supported ratifying the Kyoto Protocol but not putting in place economic instruments in the first commitment period, while others supported postponing the ratification decision until the policies of trading partners were clearer. A minority expressed support for economic instruments in the first commitment period.

Preferred (but by no means unanimous) policy measures included the Government taking responsibility for excess emissions and retaining sink credits; paying for emissions with general taxation or a low carbon charge, whichever had the lowest transaction costs; or using the least-cost option. A key theme was that stakeholders wanted more information on the policies and their effects.

Some participants raised the need for greater integration between renewable energy policy and climate change policy. Policy should tackle the supply and demand for energy, not just increase costs to suppliers.

Waste Sector, 28 November

Stakeholders expressed concern at being asked to provide a perspective on ratification without more information on policies. However, feasible policy options were discussed and included incentives for those contributing to emission reductions. Participants discussed full cost pricing and other charging methods, and their effectiveness as incentives for waste reduction and diversion.

Environmental Non-Government Organisations, 28 November

The group discussed appropriate criteria for assessing options. It was felt that ecological integrity could be a key criterion. (This would mean, for example, that incentives would not be placed on increasing carbon density through new plantations of non-indigenous forests.) Other criteria suggested included intergenerational equity and application of the 'polluter pays' principle. Such policies might provide incentives for changes in land use towards the ecologically sustainable (bio-diverse farming, for example). Project-based initiatives were opposed, as it was felt that they were open to political lobbying for special concessions.

Agricultural Focus Forum, 30 November

Participants raised a general concern that detailed policy would not be well known (or fully costed) before the decision was made to ratify. Participants sought clarification of the links between WTO policy and climate change policy, with Federated Farmers indicating that trade liberalisation would be beneficial for climate change.

Participants felt it was important that policies could be modified over time and phased in gradually. Researching and finding technical solutions was only part of the story. Finding ways to ensure the uptake of new technologies would be equally important. Education and information would be important, but this alone would not be enough to change behaviours. Because lag times in developing and implementing new technologies are protracted (3-4 years researching and 5-6 years for implementation), making early action on technology critical, it was suggested that the Government share the financial risk of finding technical solutions with private companies investing in research and development. Federated Farmers indicated very strong opposition to any and all methane charges.

A concern was raised that New Zealand was moving too quickly to ratify before our domestic policy options had been developed.

Local Government Workshop, 5 December

Some of the issues that arose included ineffectual consultation in the past, a current lack of information on policies, and whether the ratification date of September 2002 was appropriate. It was commented that ratification had broad appeal but had been captured by economic arguments. A triple bottom line/sustainable development context was more appropriate where climate change is one of many issues. It was generally felt that fuller consideration of options other than market-based approaches was desirable. Local government also needed funds and information to better inform staff and the community of climate change and its consequences. Long-term capital investments are occurring regularly. For climate change to be taken into account, decision-makers must understand its effects and factor them into decisions.

Climate Change Business Opportunities, 13 December

The workshop discussed business opportunities, what was needed to support opportunities, and possible communications approaches. Among the many opportunities mentioned were: bio-energy solutions to industrial heat requirements; renewable energy initiatives; development of green or carbon content based labelling; Clean Development Mechanism opportunities (hydro/solar/wind); carbon neutral building; energy wise ("smart") housing, lighting and hot water heating. Several people mentioned that incentives were needed to encourage firms and individuals to "move in the right directions" and innovate.

Communications ideas included the Government leading the way by, for example, marketing and developing a "Brand NZ" in tandem with the timetable for ratification. Discussion groups also raised the need for education – in the classroom, for professional and trades people, through green energy labelling schemes, and through use of technology – to change behaviour.

Climate Summits

At the three Climate Change Summits held in Wellington, Christchurch and Auckland on 29 November, 4 December and 12 December respectively, speakers addressed a panel of Chief Executives and Brian Roche, the Director of the Climate Change Project. Chief Executives who attended one or more of the Summits included Mark Prebble (Department of the Prime Minister and Cabinet), Alan Bollard (Treasury), Geoff Dangerfield (Ministry of Economic Development), Alastair Bisley (Ministry of Transport), and Lindsay Gow (Ministry for the Environment). Murray Sherwin, the Director-General of the Ministry of Agriculture and Forestry, and Larry Fergusson, his Deputy, also attended. Kay Hewitt, Deputy-Director Consultation, Climate Change Project, chaired the Summits.

A list of speakers is attached as Appendix One. The Summits attracted a broad cross-section of the community. Participants included representatives from the manufacturing, energy, agricultural, transport and technology sectors, the building industry, employers' and manufacturers' associations, environmental groups, water and waste management industries, local government, academia, and Maori groups. Recurring themes raised at the Summits are noted below. Approximately 170 people attended. Fuller accounts of the three Summits are attached as Appendix Two.

Recurring Themes

Views on ratification and the timing of ratification

While many groups agreed that sustainable management of the environment was an important objective, few supported ratification of the Kyoto Protocol at this time. Common support for ratification in September 2002 was evident only among environmental groups.

Objections to ratification included:

- A view that New Zealand's contribution to world emissions and emissions savings would be minimal, but there could be major economic costs for New Zealand.
- Concern about a decline in the international competitiveness of our exports and increased import substitution as local production costs increased. At the extreme, industry was concerned that this could lead to business failure.
- A view that New Zealand could participate in international action to manage emissions without ratifying.
- Challenges to the statement that the costs are manageable, as the price of carbon units is yet to be established and validated.
- Uncertainty around specific implementation policies and the consequent compliance costs.
- Rejection of the scientific basis on which the Kyoto Protocol is based.
- A view that the New Zealand Government should be a follower, not a leader, on this issue.

When concern was expressed regarding the timetable for ratification and policy development, participants suggested that:

- Policy options should be developed further and their costs assessed before the decision to ratify was taken.
- Ratifying before developing the policy was not a rational approach – too much uncertainty remained around policy options to assess accurately the benefits and costs of changes to New Zealand.

Economic consequences of ratification

The business sector was concerned about the likelihood of adverse economic consequences from climate change policy. Possible ramifications were an overall economic slowdown, increased energy prices, more difficulty in attracting investment, risk of import substitution, loss of international competitiveness, the creation of trade barriers favouring manufactured imports, and export of manufacturing investment to lower cost countries. Speakers also noted the extent of the loss of competitiveness could not be fully evaluated until the mechanisms by which commitments would be achieved were confirmed.

Environmental consequences of ratification

Some participants said that ratifying the Kyoto Protocol was futile, given the small contribution New Zealand makes to total global emissions. Many participants also felt that any reductions that New Zealand made would do little to help as long as major emitters like China, India and the USA were not parties to the Protocol. In contrast, others who spoke felt there was an urgency to put something formal in place and that ratifying Kyoto was not enough; the Government needed to make it happen and show leadership.

Criteria for judging policy options

Environmental and recreational user groups considered environmental integrity (i.e. how effective a policy would be in reducing greenhouse gas emissions) as the key criterion to be used when assessing policy options and formulating the optimum policy mix.

Business groups favoured economic efficiency as a means of judging policy options. Practical, low cost and flexible policy options, which did not distort prices in competitive markets, were desirable. They also considered environmental integrity important, as carbon leakage would defeat the purpose of the Kyoto Protocol and potentially have a negative effect on the New Zealand economy.

Exporters and importers considered that the main policy objective should be to retain international competitiveness. In their view, domestic policy must avoid cost increases, the risk of import substitution, or the loss of overseas markets to competitors.

Policy options and mix

The general view was that both the Government and business should manage emissions and that a mix of market and non-market mechanisms was appropriate. While some of the speakers had given the policy options considerable thought, detailed discussion of policy options was not a feature of the Summits.

The Greenhouse Policy Coalition called for the Government to proceed cautiously and to put in place “smart” policies that did not threaten New Zealand’s international competitiveness. Business groups generally did not support the Government ratifying in September 2002. Participants said that if the Government went ahead they wanted a mechanism to shelter those industries that would be placed at a competitive disadvantage so that these groups could manage the transition in a way that prevented environmental leakage. This approach would be fair, as the unique characteristics of different emitters could be taken into account in a planned way that supported long-term investment. Some business groups supported price- or market-based policies to encourage the development of least-cost solutions and reward positive action.

Support for policies that target polluters directly (“polluter pays”) was commonly mentioned, as this should provide incentives to change behaviour.

Federated Farmers and Meat NZ argued that the agricultural sector should be exempt from any proposals because of difficulty in calculating agricultural emissions and potential issues with international competitiveness.

Voluntary energy efficiency measures (such as measuring and publishing carbon dioxide emissions; participation in pilot emissions schemes; switching to low emission fossil fuels) were being undertaken by large companies (e.g. BP Oil). Business indicated that voluntary agreements were beneficial and effective. Environmental organisations seemed to be of the view that voluntary action was ineffective.

Other policy options suggested included:

- Spending more money on new technologies and research.
- Introducing incentives to switch from fossil fuels to renewable energy sources.
- More education programmes on the effect of climate change and the availability of renewable energy sources.

Timing

Views on when new policy should be introduced were mixed. One theme to emerge was the need for early certainty on the Government's policy intentions so that businesses could begin to make key investment and marketing decisions; this would enable the adjustment process and planning to commence as soon as possible.

Consultation process

A range of concerns were expressed about the consultation process – it was too hasty; costs and economic impacts were not understood fully; consultation was not broad enough and focused too heavily on big business; Maori and local government had not been adequately consulted.

Conclusion

Section One of this Consultation Report summarises the key messages that emerged across all the meetings. The strength and priority accorded to these messages differed from meeting to meeting and largely depended on which sectors were dominant in any particular forum. Further, it became clear as the consultation progressed that some participants were continuing to think deeply about the issues and were still in the process of finalising their responses to the key questions posed.

In short, participants in the different consultation meetings supported the need to address climate change, but voiced limited support for ratification in September 2002. This is not to say they would not support ratification at a later date. The major reason for not supporting ratification in 2002 was an acute concern that the economic and social impacts of the different policy options mooted were not known in sufficient detail to enable an adequate assessment of risk at either national, local or individual level.

Ratifying the Kyoto Protocol before major international trading partners and competitors had done so and before the costs and benefits were properly assessed, might be taking a risk that outweighed the benefit of New Zealand's likely contribution to global emissions. Responses to ratification were, therefore, linked to and influenced by the lack of information available on the different policy options and their possible effects. Participants were also sceptical about the business opportunities that would emerge from climate change. As a result, most participants were critical of the order in which the consultation placed events and said ratification should only be considered after the impacts of policy were known to be acceptable. Many participants did not want New Zealand to be a leader on this issue.

The lack of detailed information about the different policies, and the fact many of the participants were unfamiliar with the concepts underlying the options and the contexts in which they might be used, meant policy discussions lacked substance. Participants expressed, however, a clear opinion that domestic policy should rely on both non-market and market-based policy instruments. Participants emphasised that co-benefits from other related

strategies, such as energy efficiency, renewable energy, waste management and transport, should be taken into account in policy development.

While most participants accepted that a price mechanism would be needed at some stage to encourage behavioural change if New Zealand was serious about addressing climate change, there was strong support for a hybrid policy package that adopted the softer, non-market, options (such as education, research and Negotiated Greenhouse Agreements) first. Participants considered that this would facilitate a gentle transition to the “harder” options and would give competitive at-risk industries time to make the transition without environmental leakage. An extended transition period would also provide time to find technological solutions to the problem of agricultural emissions. The agricultural sector and Maori wanted to be exempted from emissions reduction policies at this stage, or to be compensated for adverse impacts.

The 1990 baseline and the distinction between Kyoto and non-Kyoto forests that may lead to “winners and losers” if the Government devolved sink credits attracted criticism. Forestry interests were also concerned about potential liabilities under the Protocol and the potential distortions in land use.

Section Two: Report of the written submissions

Introduction

This report is a record of the views expressed by the public and commercial interests in the manufacturing, agricultural, forestry, energy and transport sectors through written submissions made in the course of the Government's consultation held between 2 October and 21 December 2001. Local authorities also made written submissions, as did individual Maori and Iwi organisations. Several community organisations, particularly those with an environmental focus, also expressed their views. Because climate change is an issue of importance to the majority of New Zealanders, as the UMR Research Ltd survey showed, every effort has been made to ensure that the views of submitters from all sectors have been given equal weight. For the same reason, although 21 December 2001 was the official closing date, submissions were received and analysed beyond that date. By the time analysis of the submissions had been completed, a total of 557 written submissions had been received.

Very few "form letters" were received. Submitters from affiliated or related organisations who sent identical submissions (or indicated support for a submission from a particular source) were treated as having made their own submission, as were other submitters who had followed a standardised format but had made their own comments. Of the 557 submissions received, approximately 198 submitters identified themselves as being affiliated to Federated Farmers. In addition to the submission from the Wellington office of Federated Farmers, submissions were received from Provincial Offices, or from elected representatives of Provinces or sector groups. Almost three-quarters of the submissions came from the Southland and Otago Provincial membership; the rest were from Canterbury, the Bay of Plenty, Waikato and the Taupo region, Auckland and Northland. 29 submissions from the Rotorua/Taupo rural region were also in a standard letter format, although not all these respondents identified themselves as farmers.

The consultation document asked for submitters' views on a series of questions set out both in the text of the consultation document and in the feedback forms in the consultation paper, *Kyoto Protocol: Ensuring our Future*. Submissions were made either on the feedback forms, by using the e-mail response from the Climate Change website, or in a form chosen by the submitter. Private submitters often chose to write letters, while many of the submissions from industry interests were in the form of reports or papers. Submissions in a form chosen by the submitter did not always follow the format of the feedback forms, nor did they always refer to the questions posed in the consultation paper.

All the submitters' views were recorded in a specially designed database. In respect of Question 1, an assessment was first made of the submitters' level of support for ratification. Only 5% of the submitters did not address the issue of ratification – usually because their submissions provided specific information or views on other aspects of climate change policy development, or climate change itself. Two percent of submitters were undecided about ratification. Of the rest, 6% indicated strong support for the Government's intention to ratify the Kyoto Protocol, 17% supported ratification, 60% did not support it and 10% strongly did not support it.

Once this preliminary assessment had been made, more specific responses were recorded against the questions set out in the consultation paper. To ensure that no relevant comments were overlooked simply because they did not respond directly to one of the questions in the consultation paper, comments were also recorded in a separate "Any Other Comments" section. Additional information included in submissions was also recorded.

Key message

In responding to the questions asked in the consultation document, submitters put forward a range of views and raised a number of the issues they considered to be important to the discussion on ratification and policy development. One clear message emerged from the majority of submissions, both from those who encouraged the ratification of the Kyoto Protocol and those who were more cautious: policies should be developed as soon as possible in order to bring some certainty into the debate and to allow businesses to make appropriate investment decisions.

PART I: RATIFICATION

The first feedback form in the Climate Change Consultation Paper, *Kyoto Protocol: Ensuring our Future*, asked five questions relating to ratification of the Kyoto Protocol by September 2002.

- Q. 1 What are your views on the Government's case for ratification?
- Q. 2 What are your views on the assessment of the issues relating to ratification set out in Part 1?
- Q. 3 Can you think of any other economic opportunities that may be connected with climate change? Please provide information if you have it.
- Q. 4 What other issues or further information not presented in this document do you think the Government should consider?
- Q. 5 Do you have any comments on specific aspects of the proposed Climate Protection Bill Part I legislation on ratification?
 - o Government ability to buy and sell on the international market
 - o The inventory registry

All but 5% of respondents answered Question 1 and most answered Questions 2 and 4. A few also made suggestions as to the possible economic opportunities that might arise out of climate change, mainly in very general terms. Far fewer considered the proposed Climate Protection Bill, and none did so in any depth or detail.

In giving their views on the Government's case for ratification, many respondents referred to matters that they considered should have been included in the assessment of issues presented in the consultation document. As a result, many of the same themes and issues that were raised in the response to Question 1 were also raised in the responses to Questions 2 and 4.

The consultation process, policy and ratification

The views on ratification of the Protocol put forward by many of the respondents, whether they supported ratification or opposed it, were linked both to the consultation process and to the proposed market-based implementation policies. Many stated, often with a degree of frustration amounting in some cases to anger, that without more information on proposed policies it was impossible to make any meaningful contribution to the consultation process, or to make an informed decision on whether or not the Protocol should be ratified.

New Zealand Council of Trade Unions (CTU), for example, supported the principles underlying the Kyoto Protocol, but considered the Government “should complete the National Impact Assessment” before consulting on proposals to ratify. The CTU considered:

There is simply not enough detailed information on the costs and benefits of ratification for the CTU to be able to do any more than support the need for measures to be taken to reduce emissions. ...we...do not have sufficient information to support or oppose ratification at this stage.

Many submitters were concerned about the timeframe both for the consultation programme and for the ratification process. Many spoke of their perception that a lack of essential information at this stage of the decision-making processes meant that neither they, nor the Government, could determine whether or not to ratify the Protocol. Respondents felt that, without details of the policy instruments that would be put in place to meet Protocol obligations, no assessment could be made of either the environmental or the economic implications of ratifying the Protocol. Until that assessment had been made through a comprehensive cost/benefit analysis, many submitters considered that the consultation process had been inadequate. In addition, many submitters said that it was clear from the wording of the consultation document that the decision to ratify had already been made without taking into consideration a number of fundamental issues of concern to those most likely to bear the impacts of the implementation policies.

Policies and ratification were seen as being inextricably linked

Many of the submitters made no clear distinction between the act of ratification and the emissions policies that would need to be implemented to meet obligations under the Protocol. To many submitters, ratification will mean an inevitable commitment to the market-based policies outlined in the consultation document. Views on whether or not the Government should ratify the Protocol, therefore, often depended on the submitters' view of the outcomes of those policies, either in relation to climate change or to New Zealand's wellbeing. The National Organisation for Fruit and Vegetable Growers made this link when it said:

While we recognise that the Protocol itself does not impose any direct social or cultural obligations, New Zealand will be bound by the Protocol if we ratify it and this will have, we believe, significant impacts on our economy which will have subsequent social impacts.

Conditional views

It was noticeable that many of the submitters expressed their views in terms of conditions or reservations. Many said, for example, that they opposed ratification “unless...”. Others said that they supported ratification “if...”. For example, BP Oil New Zealand Ltd expressed support for the Kyoto Protocol. The company recognised the Protocol offered “a very complex and imperfect set of methodologies for achieving...targets” and that a number of important countries would not join. Nevertheless, climate change must have a global solution, and the Protocol was a start. Having expressed its approval, however, the company went on to suggest that the decision on ratification should not be made until:

...the preliminary preparatory work and impacts analysis has been completed in detail.

In essence, the conditions or reservations on which responses both from those who supported ratification and those who opposed it were based related to the same issues: the timing of the ratification process; the kind of policies that would be used to meet Protocol obligations; and outcomes, particularly the economic outcomes, of those policies.

The Auckland Regional Council, for example, accepted that ratification should proceed, but expected “an appropriate and achievable policy mix” to be in place to support implementation by the time the Part 1 legislation is in place. Other submissions, particularly those from regional authorities, agreed that ratification “is a good concept”, but shared concerns about implementation and the effect of post-ratification policies. Transpower New Zealand Ltd also did not oppose ratification, but sought “to ensure the Government fully accounts for the impact of ratification on the energy sector”.

The conditional *approval* of ratification in many of the submissions was echoed in the conditional *disapproval* in submissions from opponents of ratification. A few submissions took the stance of the Business Round Table, clearly rejecting the Government’s case for ratification. Instead, many suggested ratification should be delayed either until the National Impact Analysis or a cost/benefit analysis of different policy options had been completed, or until policies had been developed in consultation with stakeholders. It was apparent from the submissions that some submitters anticipated that further information would lead to a decision against ratification. Others, however, saw these actions, particularly the development and assessment of policy options, as a necessary extension of the consultation process leading up to eventual ratification, but only after a comprehensive process of policy development, assessment and consultation had been completed.

Because of the difficulty presented by the conditional nature of many of the responses posed for the analytical process, therefore, it would be dangerous to draw too many conclusions from the assessment of support or otherwise for ratification. Any assessment of a respondent’s views on ratification of the Protocol in September 2002 rested essentially on the turn of phrase used in the submission. It is likely that many of the submitters were closer in their views on ratification than the analytical process might suggest.

Question 1 — Views on the case for ratification

Based on the assessment of submitters’ views made during the analytical process, it appears that an overwhelming majority (70%) of submitters did not think the Government had made a sufficiently strong case for ratification in September 2002. Moreover, there was a sense of urgency apparent from submissions, stemming from a belief that the Government was already committed to ratifying an agreement many submitters thought would result in considerable, and possibly irreversible, harm to the New Zealand economy without leading to any effective reduction in global emissions. Submitters who did not accept the Government’s case for ratification, however, often expressed their recognition of the need to respond to issues arising out of climate change and their support for the development of policies to encourage the reduction of greenhouse gas emissions.

The submitters who supported ratification did so because of the urgency of the need to respond to climate change. Many referred to the damage and cost that would result from changing climate patterns and emphasised the need to put these considerations before all others. These submitters saw the Kyoto Protocol as an important element in the global response to climate change and voiced their support for New Zealand taking a lead in this response.

Opposition to ratification

While most of the submitters expressed strong opposition to the intention, apparent in the consultation document, that the Government would ratify the Kyoto Protocol in September 2002, their opposition was not unqualified. There was general acceptance that climate change is occurring, although questions were raised as to whether the scientific evidence for the relationship between greenhouse gas emissions, human activities and climate change is conclusive. There was also acceptance that, regardless of whether or not this link has been established, the implementation of measures to reduce greenhouse gas emissions was both

possible and necessary. The crux of the issue was not, therefore, whether something should be done about climate change, but *what* should be done, and when.

The key message expressed in the majority of the submissions was that the Government should proceed with caution in its plans to ratify the Kyoto Protocol. More particularly, it should not rush into committing New Zealand to an international agreement without knowing the likely outcomes of that commitment. There were strong calls from across all sectors that the Government should take time to consider a range of issues relating to both the economic implications for New Zealand and the effectiveness of the Protocol itself in achieving a reduction in global greenhouse gas emissions *before* ratifying the Protocol. Many of these calls came from the business sector. Their views were summed up by the New Zealand Business Council for Sustainable Development, which said:

Concern in the business sector stems from uncertainty over how actions to meet Kyoto targets will affect their short-term viability. While there are good reasons to ratify Kyoto...it is important that we do not make decisions, including the timing of ratification, that will ultimately erode our ability to find real solutions.

Fisher & Paykel Appliances Ltd, however, suggested that the need to bring certainty to the business sector was one reason for ratifying the Protocol as soon as possible:

Industry needs certainty... The sooner we ratify, the sooner the compliance regime can be sorted out, the sooner the minds of ... major emitters can be put at rest and the sooner they will resume their capital investment program (or fold up their tents and go off-shore if we are silly enough to introduce a regime that forces that action)

In calling for the Government to give careful consideration to the timeframe for ratification, submitters raised a number of questions about the Protocol and the outcomes for New Zealand.

Does the Kyoto Protocol create an effective framework for action to limit greenhouse gas emissions?

A number of submitters from both the private sector and from industry groups raised doubts about the Protocol. They suggested that it would not provide an appropriate framework for achieving a reduction in greenhouse gas emissions. Some submitters thought it was more in the nature of a trade measure than an environmental protection measure. There were some suggestions that it was contrary to the objectives of the World Trade Organisation, and there were concerns it would permit the erection of non-tariff trade barriers. The scientific basis on which the Protocol is premised was also called into question. Carter Holt Harvey, for example, suggested:

The Annex 1/non-Annex 1 distinction has no scientific basis and is justified solely on political and 'ability to implement' grounds (and directly counter to World Trade Organisation (WTO) free trade objectives). It sends perverse environmental signals...

Forestry interests, including Maori and small forest and farm forestry interests, were particularly concerned at the arbitrary nature of the 1990 baseline and its implications for large tracts of New Zealand exotic forests. Farmers, too, suggested that, if agricultural emissions were to be included in any implementation regime, a baseline set at 2002 was more appropriate than the 1990 baseline established by the Protocol.

A number of submitters also questioned the appropriateness and effectiveness of some of the Kyoto mechanisms. In particular, questions were raised about emissions trading and the operation of forest sinks.

Is the Protocol necessary?

Many submitters suggested that emission management policies were not dependent on ratification of the Protocol and could, or should, be implemented outside the Protocol

framework. For this reason, they questioned the need to consider the Protocol as a necessary prerequisite for action to reduce greenhouse gasses.

Submitters from the industrial sector, in particular, were concerned that existing policy initiatives in areas related to climate change were in danger of being overlooked. They pointed to strategies such as the National Energy Efficiency and Conservation Strategy (NEECS) and the Waste Management Strategy as well as to the Resource Management Act, which many submitters considered could be used more effectively to control emissions. There was fear that the development of separate climate change policies could result in these other strategies being lost or their effectiveness undermined in the rush to ratify the Protocol and to establish market-based policies. Other submitters also emphasised the need to ensure that policies relevant to climate change (including implementation policies should the Protocol be ratified) should be integrated and not developed in isolation.

Should the Protocol be ratified by September 2002?

Few submitters suggested that the Protocol should never, in any circumstances, be ratified. A key message to emerge from the submissions, however, was that ratification of the Protocol should be delayed until it was clear that ratification was appropriate. Some submitters clearly stated that ratification should not take place by September 2002. Others made no stipulation as to time, but discussed what needed to be in place before the Government made a final decision on ratification. It was clear that many of the submitters did not consider the necessary work could be done before September 2002 and some of the reasons for delaying clearly created barriers that would necessitate a longer delay, possibly even an indefinite one.

Reasons for delaying ratification of the Kyoto Protocol included:

(i) Waiting for more scientific information

A number of submitters suggested ratification should be delayed until more information had been gathered on the effects and causes of climate change. Doubts were expressed about the scientific conclusions supporting climate change, although submitters tended to suggest that the science was uncertain rather than challenge its accuracy. A majority of submissions accepted that climate change was occurring, but questioned whether enough was known about the relationship of human activities to climate change to justify imposing controls with potentially negative economic effects.

Farmers were concerned at the possibility of agricultural emissions being included in a charging regime. They considered there was currently insufficient scientific research on stock management methods to indicate how methane and nitrogen emissions from stock could be reduced. They also had concerns about the lack of any method of accurately measuring methane emissions. Because of this, they called for more scientific research to be done, either before agricultural emissions were included in any post-Kyoto emissions charging regime, or before New Zealand committed to the Protocol.

Several submissions emphasised the need for changes in individual behaviour patterns if greenhouse gas emissions were to be reduced globally. There were strong calls for more research, particularly into transport emissions and alternative power generation, and for widespread education and information to encourage behaviour changes at community level.

(ii) Carrying out a cost-benefit analysis

Many submitters made strong and often detailed comments about the information that had been omitted from the consultation process and suggested a cost-benefit analysis was required to ensure the environmental benefits of ratifying the Protocol would outweigh the risks. Especially strong concerns were expressed about the lack of any assessment of the likely economic outcomes of implementation policies; in particular, that no comprehensive cost/benefit analysis had been prepared of the outcomes of specific policy initiatives, or of

policy mixes. Many submitters considered this to be a fundamental flaw in the consultation process. The Canterbury Manufacturers' Association, for example, said:

There can be no sensible discussion until a credible economic analysis allows businesses to assess the costs and benefits of ratifying against the costs and benefits of not ratifying, including the possibility of more severe restrictions beyond 2012.

The high level of concern expressed in many of the submissions about the economic outcomes of the policies suggests that a substantial number of the submitters believe that, once policies have been developed and a comprehensive cost/benefit analysis has been carried out, it will be evident that the risks of ratification outweigh the benefits. Other submitters, such as Greenpeace New Zealand, also advocated a cost/benefit analysis before ratification. These submissions, however, tended to emphasise the need to include in the analysis a quantification of the costs of the environmental and health damage caused by climate change, possibly because an assessment of these collateral costs would support ratification.

Many submitters considered there were a number of risks inherent in ratification of the Protocol that warranted inclusion in a cost/benefit analysis, and they were sceptical about any presumed benefits. These included:

- *Environmental benefits*

Many of the opponents of ratification emphasised their recognition of the need to respond to climate change. Several referred to steps that were being taken voluntarily to reduce emissions as a result of this recognition. They were, however, sceptical that the policies to be implemented as a result of the Protocol would have any greater effect on emissions than existing strategies were achieving, or than could be achieved by non-market mechanisms.

- *Commercial benefits*

From their responses to Question 3, it was clear that, while many of the submitters saw commercial opportunities arising out of climate change, many felt that those opportunities would be present whether or not the Protocol was ratified. In addition, a strong feeling was expressed in many of the submissions that the negative economic impacts resulting from market-based policies would have the effective of undermining, possibly negating, any economic benefit to be gained from these opportunities.

- *Social risks*

Some submissions referred to the social impacts of ratification as a factor that needed to be considered before a decision on ratification was made. Many submitters were concerned that there was insufficient information in the consultation document, and indicated that the social outcomes needed to be assessed as part of a cost-benefit analysis.

The effect on employment of increased costs arising out of the new policies was raised in a number of submissions. Several submitters, including Milburn New Zealand Ltd, raised the issue of a possible loss of employment because of the leakage of industry investment to countries not bound by the Protocol.

Local authorities were particularly concerned that no assessment had been made of the possible outcomes of ratification policies at regional level, particularly in relation to employment. The Auckland Region CEO Forum emphasised that change in Auckland was critical to New Zealand meeting its Kyoto target, and that any policies would have a significant impact on Auckland, saying:

The Councils need a much better understanding of the effects on individual communities before they could be expected to express a clear and informed preference on specific policy measures.

The submission called for a more strategic analysis of the environmental, social and economic effects of implementation policies.

Authorities from rural areas were particularly concerned about the flow-on effects from the impacts of policies on agriculture. The Matamata Piako District Council, for example, emphasised the importance of agriculture in the region and sought more information on how a carbon tax would be implemented. The Northland Mayoral Forum considered the “flow on effects, such as impacts on the roading network and regional industry, small community viability, impacts on Maori land” had not been adequately considered. Urban and semi-rural areas were also concerned. The Franklin District Council raised the issue of the potential outcomes of emissions reduction policies on employment at the Glenbrook Steel Mill. It pointed out:

Compliance with climate change policies and legislation could impose additional costs on local businesses, producers and industries that could seriously jeopardise their viability. Any significant downturn in the Franklin economy would create unacceptable adverse effects for the wider Franklin community.

...a better assessment of household impacts by location and income group is needed to assess whether costs will impact more heavily on low-income groups.

Other organisations with a strong interest in the rural sector were also concerned to ensure decision makers had taken into consideration the impacts of any climate change policies on rural businesses and populations. The National Organisation for Fruit and Vegetable Growers, for example, considered that the analysis of social effects included in the consultation paper to be “superficial” and did not address the links between international trade in agricultural products and living standards, nor the negative social impacts of reduced living standards.

The submission from the Road Transport Forum New Zealand assessed the impacts of charges on CO² emissions on industry sectors and on regions. The submission emphasised the importance of the choice of policy mix and the timing of implementation in minimising “potentially significant economic and social disruption”.

The potential effects of climate change policies at the individual level, particularly in terms of wages and jobs, was raised by a number of submitters from the private sector and by farmers and small foresters concerned with the impact of additional costs on their profitability.

- *Risks of increased production costs*

Submitters from a range of industry sectors were opposed to ratification because of the additional costs that emission reduction policies would impose on their business or industry. Depending on the nature of the business, submitters suggested these additional costs would:

- Be passed on to the consumer. While it was recognised that price signals had the potential to lead to much -changes in patterns of individual consumption, there was also concern, particularly from Maori submitters, that increased prices would have unwanted social costs.
- Lower the profitability of their particular industry or business. In some cases, this would lead to businesses transferring their operations overseas, with a consequent loss of jobs in New Zealand. Milburn New Zealand Ltd was one company that, after carrying out an assessment of the effects of policy options on the cement business, found that some of the policies, if implemented, would result in the transfer of

business activities off-shore, particularly to countries which had not ratified the Protocol.

- Adversely effect the overall economy by undermining the commercial viability of New Zealand businesses, both in the domestic and the international market. The Greenhouse Policy Coalition, for example, cited the importance of low cost energy being available to New Zealand industries to ensure they remained competitive. The likelihood of risk to the economy, of onerous compliance costs and of loss of business profitability were the reasons given most frequently to opponents of ratification.
- encourage competition in the domestic market from cheaper goods, possibly imported from countries which had not ratified the Protocol.
- result in lower production. Farmers, in particular, considered that, in the absence of adequate research into methods of reducing methane emissions through stock management practices, the only way to reduce agricultural emissions would be by lowering stock numbers.

- *Risks to competitiveness*

Many submitters spoke strongly about the risk posed by market-based climate change policies to the competitive edge of New Zealand products both in the international and the domestic market.

Submitters suggested that increased costs or lowered production could adversely effect New Zealand's ability to compete in both the international and domestic. These impacts would be intensified if trade partners and competitors were not bound by the Protocol, and were therefore not subject to the same pressures on costs and prices. Mention was also made of the ability of some countries to offset increases in production costs through government subsidies or subsidy equivalents. A number of submitters, therefore, expressed the view that ratification should wait until countries that competed with New Zealand had also ratified the Protocol.

Fonterra Cooperative Group reflected the strongly-held views of a number of submitters who relied on international markets when it said:

Global climate change is a serious issue. Fonterra will continue to increase energy efficiency, and work with Government, and others concerned, on programmes such as the National Energy Efficiency and Conservation Strategy. Fonterra will continue to work with its members to improve on-farm efficiency and support research programmes focusing on on-farm emission reduction. But we will resist targets or policies that distort our international competitiveness.

Policies must be developed first

Inherent in the insistence on a cost/benefit analysis was a call for implementation policies to be identified and discussed as part of the consultation process, *before* a decision was made on ratification. The majority of submitters who opposed ratification stated that the failure to identify possible, or even preferred, policies meant that the consultation process was incomplete and inadequate. A number of submitters acknowledged that the economic impacts of ratification depended on the policy or policy mix adopted, as well as on the stance taken by other countries in respect of ratification. The New Zealand Seafood Industry Council pointed out that both these matters are “currently uncertain”, and expressed concern that economic modelling to date had not, for example, considered the impacts on the seafood industry. The submission reflected the views of many submitters in saying:

We are being asked to comment on a ratification process that has already been predetermined, in the absence of any definitive information on domestic policy, or the implications of those policies on New Zealand's economy, society and environment.

Only a very few submitters acknowledged that outcomes were dependent on policies, not on ratification. Shell Petroleum Mining Company Ltd, for example, pointed out that pricing and regulatory signals are not required under the Protocol before 2008. The submission said:

Shell Petroleum Mining recognizes that the act of ratification could go ahead as planned, subject to time being taken to develop integrated response policies and response measures. This could well be a satisfactory outcome for Government in the international arena, with less risk to the economic well being of the country, provided that response policy development is undertaken in a fully informed, consultative and considered manner, taking full account of the actions of the totality of the international community.

Most submitters, however, were not prepared to accept that ratification could proceed until implementation policies had been developed, discussed, and their outcomes assessed through a comprehensive cost-benefit analysis.

Wait until other countries ratify

For a number of submitters it was essential that, if New Zealand was to maintain its international competitiveness, it did not ratify ahead of its trading partners and competitors.

Submissions across the sectors emphasised that New Zealand producers operated in a highly competitive market. A number of submissions pointed out that New Zealand businesses did not have the advantage of the subsidies or subsidy equivalents available in other countries. Submitters considered that ratification of the Protocol ahead of trade partners and competitors would disturb the “level playing field” for both exporters and importers. Plastics New Zealand was one submitter among many that opposed the ratification of the Kyoto Protocol ahead of trading partners and the United States. It said:

Our principal concern is equity – between sectors within New Zealand and within the global market place. Ratification of the Kyoto Protocol ahead of our key trading partners, including Australia and the United States, will place us at a competitive disadvantage, and give imports from non-participating countries an unfair advantage.

Peter Read, a consultant and Energy and Climate Policy Analyst, sought to correct the notion that ratification would be “risky” because New Zealand would be “going it alone”. He pointed out that:

...no action is called for until the Protocol comes into force, in which case New Zealand would be acting in concert with the majority of Annex 1 countries, as well as non-Annex 1 countries....

Submitters were also concerned that, until the major emitters (such as India, China and the United States) also committed themselves to the Protocol, there would be little reduction in greenhouse gas emissions. Carter Holt Harvey referred to scientific studies showing that without the commitment of the United States:

...the global temperature will continue to rise within 90% of what they would if Kyoto was not undertaken at all.

The key message in a number of the submissions, therefore, was to counsel caution. A number of submissions suggested New Zealand should adopt a “wait and see” approach to ratification. Many submitters considered that, while New Zealand should show leadership in responding to climate change, it was less advisable to be a leader in ratifying the Protocol.

Support for ratification

Submissions that supported the Government’s case for ratification were in a minority. The Queen Charlotte Wilderness Park Community, a privately-owned Eco-farm, acknowledged

that this was likely to be so and put forward its own reason for this lack of representation. The Community suggested:

Despite the effort of the group to consult and educate it would appear that the concerned public at large is still ignorant of the true facts. We think that this is because there seems to be a concerted attempt to misinform by some parties seemingly for political gain or maintenance of short term profit. Others seem to have been unwilling to publicise any positive benefits because of their fear that that action may weaken support for their primary objective which is to undermine the whole process.

The Community expressed certainty that there would have been more submissions like theirs, “if the appropriate people understood the full ramifications”.

A number of submitters did, however, express strong support for the Government’s case for ratification and emphasised the need for urgent action. Some indicated they supported ratification in principle but, because they held some reservations, suggested a cautious approach. Other submissions, while they supported ratification of the Protocol, expressed reservations about the ethics and effectiveness of the market-based policy instruments discussed in the consultation document.

Submitters who supported ratification focused on issues relating to environmental protection, the costs of climate change to existing human populations and the need to take a responsible role in the reduction of global emissions. They considered ratification of the Protocol is necessary because they perceived serious environmental threats from climate change.

Perceived environmental threats from climate change

The submitters who supported ratification did so out of concern for the environmental costs of climate change, and from a sense of urgency that action must be taken as soon as possible to minimise its causes.

A number of submissions supporting the Government’s case for ratification came from community groups actively involved in environmental issues. Many of them detailed the negative impacts that could be expected to result from unpredicted climate change. The submission from Save the Otago Peninsula (STOP) Inc. Soc., for example, described the anticipated impacts of climate change on the natural biodiversity of its area. These included:

- rising sea levels impacting on coastal habitats;
- increased sea temperatures increasing biotoxin mass in the water, together with a depletion of the natural food sources; and
- increased land temperatures favouring the growth of exotic plants to the detriment of indigenous species.

Most submissions expressing support for ratification came from individual submitters in the private sector who expressed their anxiety about the effects of climate change and emphasised the need to take immediate action. June Orr, a former health professional, supported ratification, saying:

Yes to ratifying because in 10 yrs time we could pay dearly.... We know the consequences of climate change and must play our part in reducing greenhouse gases by continuing to aim towards energy efficiency conservation & transport strategy, biosecurity, economy, health effects. If not, there are big costs if we do nothing.

Greenhill Technology Association, an Australian industry-based association promoting natural refrigerants, thought that the case for ratification presented in the consultation document “underplays the climatic disruptions predicted by climate change models”. The

Association “applauded” the intention to ratify the Protocol and commended New Zealand for taking a leadership stance.

Support for ratification was also expressed by a number of submitters likely to be directly affected by implementation policies. A farmer from Otago, who expressed strong opposition to imposing a charge on agricultural emissions, supported ratification, saying simply:

Reduction in greenhouse gases is good.

The New Zealand Business Council for Sustainable Development was positive about the case for ratification. Although it emphasised the need for careful consideration of a number of issues, including the timing of ratification, it broadly agreed with the views put forward by the Government in support of ratification.

Fisher & Paykel Appliances Ltd not only supported early ratification because it would provide business certainty, but also because the company considered a number of new business opportunities would flow from being an “early mover”.

Ratification as a start

A number of submitters suggested that, although it might not make a significant difference to global emissions, ratification of the Protocol is significant because it is “a start”. Derek J. Wilson, an architect from Wellington, agreed that the Protocol is not enough to arrest climate change, but said:

Yes, it is a first step and inadequate, but for these very reasons it must be ratified, developed and implemented as expeditiously as possible.

Some of the supporters of ratification also considered that the Protocol was flawed. Their particular concern was that it did not set sufficiently high standards for emissions reductions. To compensate for this, submitters such as the Royal Forest and Bird Protection Society urged the Government to take action to reduce greenhouse gas emissions beyond the targets set under the Protocol. The Taranaki Energy Watch was confident that the weaknesses in the Protocol “will be improvable in subsequent commitment periods”. Peter Read also suggested that improvements could be negotiated once it had come into force.

Several submitters emphasised the need for the Government to maintain or develop further a range of complementary climate change strategies. The Yellow-eyed Penguin Trust, for example, urged:

... the Government to act on the Energy Efficiency and Conservation Authority (EECA) recommendations as quickly as possible. there is a need to ensure that the investigative timelines can be met by adequately resourcing the lead departments who are listed as being responsible for gathering the necessary data and formulating the measures required to meet the guidelines.

Strategies for reducing greenhouse emissions

Several submissions drew attention to strategies for reducing greenhouse gas emissions. Particular emphasis was placed on the need to reduce transport emissions and to encourage the development and use of renewable energy sources.

Reduction of transport emissions

Submitters emphasised, however, that reducing emissions was only part of what needed to be done. Several submissions stressed the importance of changing individual patterns of consumption, particularly in relation to transport and energy efficiency. Many submitters urged the need for special attention to be paid to the development of efficient public transport systems and other alternative forms of transport, and to discouraging individual New Zealanders from using private cars.

Several submissions received from groups stressed the importance of addressing the issue of transport emissions, which they saw as a more significant source of greenhouse gas emissions than presented by the Kyoto Protocol framework. These groups urged the development of a national transport strategy, including measures to change behaviours. It was suggested that price signals were not a direct enough method of achieving these changes. These groups saw the need for a regulatory environment that supports the use of low-energy forms of transport.

Many submitters also advocated the development of efficient public transport systems as a way of reducing transport emissions. The retention of rail transport was particularly mentioned.

Encouraging alternative sources of electricity

Several submissions discussed the importance of encouraging the use of alternative energy sources. Submissions were received from the New Zealand Photovoltaic Association and from the New Zealand Wind Energy Association, both of which promoted the use of renewable energy forms. Submitters suggested the Government should seek ways of encouraging businesses to identify “green energy” uses, both as a pricing mechanism and as a marketing strategy.

Some concern was expressed, however, that the Resource Management Act procedures created major obstacles to the development of geothermal and wind power generation.

Better use of the Resource Management Act

Many submissions urged better use of the provisions of the Resource Management Act to control emissions. There were suggestions that provisions of the Act could be amended to enable local authorities to monitor emissions and act to limit them. Some submitters, especially the Royal Forest and Bird Protection Society, recommended that a national policy statement on carbon emissions should be issued under the Act. Royal Forest and Bird saw considerable scope for the Act to be extended to provide for an emissions management scheme.

Global responsibility

Many submitters who supported early ratification of the Protocol pointed out that climate change was a matter of global concern. Whereas some of the opponents of ratification saw this as a reason to suggest that New Zealand should not carry a disproportionate responsibility for greenhouse gas reductions, many others considered it to be of great importance that New Zealand should be seen to accept a fair share of responsibility. It was important that New Zealand took a leadership role, because this would not only enhance New Zealand’s international reputation, but also our ability to influence other countries to take similar action. John Storey, a senior lecturer from Victoria University, considered the Government’s intention to ratify to be:

...responsible and principled – the sort of action which makes me proud of New Zealand and can only enhance our reputation around the world; and may well have the effect of encouraging others to ratify the agreement.

The New Zealand Photovoltaic Association agreed with this view, and suggested that showing environmental leadership would enhance New Zealand’s reputation and improve the acceptability of our professional and technical services.

Submitters also emphasised that a global problem such as climate change could be dealt with only through nations arriving at agreement among themselves. Many submitters considered that, although New Zealand’s emissions are small in comparison with other countries, it was sufficient that the country had joined with others to deal with the problem.

The Environmental Defence Society Inc. rejected the relative size of emissions as a reason for not ratifying, and said:

The relative size of New Zealand's emissions is irrelevant. The only conceivable mechanism of dealing with the problem is by agreement between nations. Some like New Zealand will be small. To accept the argument that small represents an excuse not to act is to extend the tragedy of the commons to a national level.

Fisher & Paykel Appliances Ltd also thought New Zealand would benefit from being a leader:

From the point of view of the environment, our actions in the international arena are of much more worth for their influence than for the ...emissions we are responsible for. Experience shows that we punch way above our weight in such fora.

Several submitters also raised the importance of New Zealand accepting responsibility for the needs of our neighbours and for future generations. The Overseas Mission and Partnership Policy Group of the Presbyterian Church considered it important that New Zealand took a "stand with vulnerable people", and mentioned it was likely that the inhabitants of low-lying Pacific Islands would be among the first affected.

Environmental needs must take precedence over economic issues

For many submitters, it was clear that environmental protection must come before economic considerations. Pat Duncan-Taylor, a submitter from the private sector, suggested:

The shame is on industry for putting the cost factor before their responsibility to change the way in which their operations effect the environment and all who live in it, and also expect others to pay for it.

Many submitters questioned the emphasis placed on economic issues in the consultation paper. Greenpeace New Zealand was concerned at its apparent market orientation, and suggested that by being so "hooked on the idea of trading of emissions" the consultation paper "skewed" the Protocol's priorities and missed the opportunities it offered for preventing the risks arising out of the adverse effects of climate.

Many submitters were disquieted by the use of market-based policy instruments. While there was support for a carbon levy, submitters such as the Royal Forest and Bird Protection Society and the Environmental and Conservation Organisations, while encouraging ratification of the Protocol, urged caution in the use of other market-based policy instruments, both on pragmatic grounds (experience with the fisheries quota management system was mentioned by way of example) as well as for reasons of equity.

Some submitters, such as Greenpeace and the Royal Forest and Bird Protection Society, considered that some potential effects of climate change could not be put into a monetary context. They suggested:

The obligations should consider the needs of future generations to a stable climate and the need to maintain intrinsic values of ecosystems.

Many submitters from the private sector spoke out firmly against the application of economic concepts to the environment. They considered that questions of environmental benefit were outside and above any economic discussion. It was clear from a number of submissions that there was concern that two totally disparate value systems were being linked. It was also clear that, for a number of respondents, the wellbeing of the environment was of such fundamental importance to the wellbeing of the natural and human world that it had an intrinsic value outweighing all other considerations. A submitter from the private sector refuted claims that ratification would result in excess costs and said:

For those who say it is too expensive to implement the Kyoto Protocol, the government should challenge them as to the value of human lives.

Ratification will have economic benefits

The submissions that considered the economic consequences of ratification often highlighted the importance of the “clean, green” brand image for New Zealand products and services, both on the domestic market and internationally. The New Zealand Business Council for Sustainable Development agreed that New Zealand’s international reputation might suffer if Kyoto was not ratified and suggested that there would be consequent adverse outcomes for our “clean, green” brand image.

The “clean, green” brand image was important to manufacturers such as Fisher & Paykel Appliances Ltd. Greenhill Technology Association Inc. suggested that New Zealand’s clean and green reputation could be reinforced by our adopting the right climate change response policies. A number of submitters from environmental groups and the private sector stressed the importance of this image to trade and to tourism.

A few of the submissions considered that climate change policy instruments would be beneficial to the New Zealand economy. The Royal Forest and Bird Protection Society, for example, drew an analogy between the implementation of climate change policies and the earlier removal of agricultural subsidies. The Society suggested that being one of the first countries to implement policies aimed at reducing greenhouse gas emissions would mean that the New Zealand economy would be “better positioned for the 21st century compared to others”.

Other submitters questioned the suggestions that implementation policies would result in excessive costs. A forestry manager from Taranaki, for example, suggested that claims by the forestry industry of huge costs as a result of ratifying the Protocol should be questioned and analysed for accuracy.

Maori views

Submissions from Maori interests addressed many of the same issues as non-Maori submitters. There were, however, some matters of particular significance to Maori.

Because of their kaitiakitanga obligations to safeguard the wellbeing and mauri of ancestral lands, Maori submitters recognised the need to take action in response to climate change. Nevertheless, many organisations, particularly those who also had a role in promoting and maintaining the financial wellbeing of their people, urged caution with respect to ratification of the Protocol. Ngai Tahu Holdings, for example, supported the Government’s initiatives to manage climate change, and called for a “wide range of initiatives such as renewable energy and energy efficiency programmes”. Nevertheless, the submission opposed ratification of the Protocol because of the potential effects on trade as well as concerns about the effectiveness of the policies in achieving emissions reduction.

Treaty of Waitangi

A number of Maori submitters suggested the Government’s ratification of the Protocol might be contrary to the Treaty of Waitangi. Ngai Tahu Holdings pointed out that, in order to give effect to the provisions of Article Two of the Treaty:

...the Crown must keep the Treaty at the forefront of their mind when considering ratification as it has the potential to effect the rights of tangata whenua.

A number of submissions suggested that, to carry out this requirement, Maori should be more extensively involved in the consultation and decision-making on ratification, including involvement in the National Interest Analysis. Strong statements were made about the lack of consultation with Maori. The submission from Te Ohu Kai Moana, for example, referred to the High Court definition of consultation in the Wellington International Airport case. The submission emphasised that any policies adopted to implement the Protocol would be in

breach of the Treaty if they interfered with the right of Maori to manage their own assets. Tairawhiti Maori Land Discussion said:

Please make sure that when making decisions you not only consult us, but let Maori be at the decision-making tables so that real advances can be made between Treaty partners.

Hauraki Maori Trust Board did not agree with the Government's position that Treaty responsibilities did not need to be incorporated into the proposed Part 1 legislation. The Board considered that introducing such a provision:

... acknowledges that New Zealand has a Treaty partner when it comes to implementing the Kyoto Protocol.

Economic outcomes

Other submissions from Maori organisations expressed concern about the economic and financial outcomes market-based policies might have for Maori commercial interests and individual Maori. Jim Gray, a professional trustee to Maori land, for example, made a personal statement. He pointed out that, because Maori farming and forestry operations tended to be carried out on marginal land, there was a potential for implementation policies to impact severely on the commercial viability of these operations and, therefore, on the financial wellbeing of their owners. While indicating his view that:

...if New Zealand's contribution (to climate control) is of such significance and importance to the saving of the planet, then I support the ratification and Maori will have to make the sacrifice...

he nevertheless added that ratification should be delayed until there had been adequate consultation to determine how Maori should be compensated if farming and forestry become non-viable because of the restraints and costs imposed by implementation policies. Tairawhiti Maori Land Discussion Group echoed this call for policies to accompany and offset any adverse effects of climate change policies on Maori. The Group also noted in their submission:

As long as our land stays marginal we will be more susceptible to the potential downsides of the types of climate change policies you are considering.

Tairawhiti pointed out that Maori in its rohe had, at the Government's suggestion, placed considerable reliance in forestry to provide an "economic platform" for future development, which could now be jeopardised if there was any impact on the value of trees on the international market. Ngai Tahu Holdings also emphasised the importance of the forestry it received under its Deed of Settlement and suggested there would be a conflict with Article 2 of the Treaty and the principles of the Deed of Settlement if the Crown:

...now took steps to remove or restrict future options for Ngai Tahu Whanui in utilising these lands.

Other submitters pointed out that Maori tended to be well represented in lower-income groups and frequently relied on the forestry and agricultural sectors for employment. Any increase in costs that would lower employment rates in these sectors would impact more heavily on Maori. It was also pointed out that the Maori system of multiple ownership of land places constraints on participation in commercial ventures.

Fletcher Challenge Forests Ltd, in its submission, raised a number of issues in relation to Maori forestry interests. It suggested that any policy regime that resulted in a lower value for land (or any other assets received or purchased in the course of a Treaty settlement) could have the effect of increasing the level of settlement claims.

Submissions also highlighted opposition to the use of forests, seas, territories and resources being valued as carbon sequestrations. The introduction of sinks and credits, it was suggested, does not consider the cultural practices and spiritual values of Maori, which do not support the commercialisation of natural assets.

Several submissions pointed out it was important that Maori were assured that none of the policies being considered were in breach of the Principles of the Treaty of Waitangi. This could only be done, it was emphasised, by providing more detailed information on preferred policy options, by assessing the likely outcomes of those policy options through a thorough cost/benefit analysis, and by implementing associated policies which would counteract any adverse impacts.

Question 2 — Assessment of the issues

Many of the comments concerning the assessment of issues contained in the consultation paper related directly to submitters' views on ratification, particularly where the submitter opposed ratification and considered the consultation papers had not covered adequately the reasons for not ratifying the Protocol. Most of these comments have been incorporated into the discussion of submitters' views on ratification.

A number of Maori submitters, particularly those had commercial interests in one or more of the production sectors, such as Ngai Tahu Holdings Co Ltd and Te Runanga o Whaingaroa, were among those who expressed strong concern about the lack of information made available during the consultation process. Te Runanga o Whaingaroa pointed out:

While the government is expecting submissions to give a direction policy development, submitters are not being given clear direction or answers to concerns and issues raised, information which is required if workable proactive submissions are to be made which will benefit Maori.

Apart from this significant proportion of the submitters, respondents made little substantive comment on the assessment of the issues relating to ratification. There was no strong disagreement with the assessment, although some submissions, particularly from environmental groups considered there had been some possibly significant omissions and some submitters questioned the emphasis given to some of the issues.

Many of the submitters from the private sector who supported ratification of the Protocol expressed their approval of the assessment of the issues set out in the consultation documents.

Additional information

Some submitters expressed their own views on the issues relevant to climate change. In doing so, they often suggested other matters that should be considered, including:

- The issue of energy system integration gains.
- The effects of climate change on plants and animals.
- The importance to tourism of the 'clean, green' image.
- More emphasis on 'areas most likely to make a big difference'; power generation and transport.
- Greater recognition of scientific assessments of the extent of greenhouse gas abatement required internationally to mitigate threats of global climate change.

These additional issues were not seen as significant omissions in the assessment.

John Storey, a senior lecturer from Victoria University, considered there was a “good balance between effects if do sign and don’t sign”. He felt, however, that the assessment did not make clear:

...that (it) is in essence really positive regarding benefits (to) Maori/Pacific Island/low income communities of trying to mitigate climate change effects – ie it is a socially/culturally responsible policy.

Dr Tord Kjellstrom, from the Division of Community Health at Auckland University, suggested that there was a need for a more detailed “bottom up analysis” of the economic impacts of implementing the Kyoto Protocol that would take into account:

...the positive impact on public health that greenhouse gas actions can have, and other collateral impacts on the environment.

Economic issues

Some submitters questioned the assessment of economic issues. Submitters such as Greenpeace considered that the consultation document relied on limited economic studies that did not address the full range of economic issues relevant to climate change.

Several submitters thought the consultation paper placed too much emphasis on economic considerations and did not give sufficient priority to the environmental threats created by climate change. Greenpeace New Zealand, for example, was particularly concerned that no account had been taken of the heavy costs resulting from damage to the infrastructure caused by climate change, even before emissions reduction policies became effective. ECO, the Environment and Conservation Organisations, raised questions about discussions of equity in the consultation document. The submissions suggested that the public and the environment should be included among the stakeholders in climate change and that any discussion of the impacts should include impacts on both humans and non-humans.

A submitter from the private sector considered that there was not enough discussion in the consultation papers of the likely outcomes of not ratifying the protocol and said:

... Greater emphasis should be placed on the environmental and social effects and on the economic effects of not ratifying. I have concerns about the emphasis given to negative impact of ratifying on economy.

A number of submitters, including ECO, were concerned that the fundamental principle of “polluter pays” had been given insufficient prominence in the discussion in the consultation document.

Transport

Several submissions suggested that the assessment, and the outline of the policy options, did not address the need for changes in individual patterns of consumption. Without these changes, submitters thought, there was unlikely to be a significant reduction in greenhouse gas emission.

In this context, the need for improved public transport and an increased use of alternative forms of individual transport was often raised. Many submitters suggested the assessment in the climate change document was weak in this area.

Several submitters, particularly those who supported ratification, referred to the need to develop policies for limiting the emissions caused by petrol- and diesel-fuelled transport. They suggested that policies should be implemented that either encouraged alternative forms of transport (a number of submissions were received from groups promoting cycling as a means of transport), or developed improved public transport systems. The revitalisation of

the rail system was strongly supported. One submitter recommended the banning of private cars in Auckland and in Wellington.

The Tasman District Council pointed out that costs for the transport sector were not included in consultation document's assessment of domestic economic effects, and the Canterbury Manufacturers' Association considered the private transport sector:

should be the NUMBER ONE priority and not be skated around due to the political difficulty with private transport issues.

Environmental issues

The Nelson Environment Centre considered there had been "insufficient consideration given to the likely environmental consequences and costs", and a number of other submitters suggested "bottom-line principles" had been ignored in both the documentation and the roadshow. These included:

- *That the precautionary principle needs to be adhered to when considering any action under this policy where there is insufficient knowledge about the environmental outcomes of change;*
- *...there needs to be a criterion added ... if the right policy mix is to be reached...This...is "Environmental Effectiveness"*
- *That the "polluter pays" principle is inherent in all of the policies and activities that are to be assessed.*

The submission from the Nelson Environment Centre also considered that the information provided did not go far enough in assessing the outcomes of ratification, such as:

...the creation of mono-cultures, mis-managed exotic forestry lots, inappropriate land use, possible health impacts and the effects on farming of methane reduction

The Royal Forest and Bird Society's Wellington Office suggested that greater emphasis should have been given in the consultation document to the impacts of climate change on native ecosystems, and that threatened species should have been given greater emphasis. John Storey from Victoria University was concerned that the assessment of the issues did not address the question of the difference ratification/non-ratification would make because of the small effect of New Zealand's greenhouse gas emissions.

The effects of climate change

Comments were made that either suggested the assessment in the consultation document over-emphasised the impacts of climate change, or that these effects were over-assessed in the general debate on the topic. Several questioned the scientific basis for the assessment of climate change effects and queried the scientific evidence for the effect of human activities on global temperatures.

Methanex New Zealand Ltd considered that the consultation paper had over-stated the risks New Zealand would face if the Kyoto Protocol does not come into force by describing them as "irrefutable facts". The submission comments:

*There is no qualification that recognises this climate change has been a natural phenomenon that has existed for millennia. New Zealand **may** face these risks or it may not.... Environmentally, if we move ahead of other nations, these risks may still occur.*

The submission from the Business Round Table questioned whether moderate climate change would "be a bad thing" and, in an addendum, challenged a number of the statements made in the consultative document. The BRT included in its submission what it considered

to be a “fair summary of the key points in the scientific debate” and suggested there was uncertainty about the global effects of human-induced changes. The BRT concluded:

As regards the science, more time is necessary to improve understanding of climate change, distinguish trends from short-term fluctuations and improve forecasting models.... New Zealand should continue to participate in climate research.

The Royal Society of New Zealand suggested there were still “substantial uncertainties” about the local changes and impacts of climate change and recommended that funding be maintained for a broad portfolio of climate change research.

Question 3 — Other economic opportunities

While submitters were clearly divided in their views as to whether economic opportunities would result from climate change, many sought to make constructive comments on how these opportunities could be encouraged. Many submissions, both in the answer to this question and in other responses, stressed the need for research and the development of new technologies that would contribute to stabilising the causes of climate change.

Economic opportunities

Many submitters responded to the question in generalised terms, suggesting economic improvement would come from a more eco-friendly lifestyle resulting from climate change policies. There would, for example, be “a change of economic view” or increased use of eco-efficient technology, or “energy efficiency will assist small businesses”.

Land use

Submissions also suggested that economic benefits would arise from changes to land use brought about either by climate change itself or by climate change policies. At the same time, there were concerns that the policies outlined in the consultation document, particularly in respect of forestry, might have negative effects. Some submitters thought there was a risk of increased exotic forests being planted to attract sink credits to the detriment of existing and regenerating indigenous forests, or that land that could be put to more profitable use might be used for forestry.

Renewable energy

Some submissions considered that the increased use of renewable energy sources, which would be encouraged by emission charges on current energy sources, would be a beneficial outcome of climate change. Submitters promoted a range of alternative energy sources: wave generation, geothermal power, fuel cells, and photovoltaic systems, as well as recommending the use of methane from effluent ponds, recycling greenhouse gases and promoting the use of natural refrigerants.

New business opportunities

A number of submissions also suggest new business opportunities. Several pointed out that early ratification of Kyoto meant New Zealand would have the advantage of being in the forefront of developing technologies leading to emissions reduction. Technological innovations could include the development and export of carbon sink measurement and accounting tools, and the development of new grasses to lessen methane production by grazing animals.

Submitters also saw opportunities to export technology and technological expertise overseas. Advice and assistance to the Pacific Islands was mentioned in several submissions, as well as the development of unspecified consultancy and education products and services.

Research and development

Submitters anticipated that the new technologies would be based on research and development in New Zealand. It was anticipated, therefore, there would be a range of new research opportunities leading not only to new products, but also to marketable intellectual property.

New products

New or different products, particularly low-emission products, would need to be imported for use by individuals and businesses in New Zealand. Similarly, submitters suggested new products could be manufactured and exported from New Zealand; one submitter suggested that the protection of indigenous forests as a result of climate change policies could result in the development of quality wood products that would become the “antiques of the future”.

There would be new opportunities for the domestic building and construction industries as people became more aware of the effects of climate change and either wanted to minimise energy use or needed to protect themselves.

Avoiding trade barriers

Some submissions suggested that the need to meet world environmental standards as regards emission controls was an added incentive to implementing emissions reduction policies: otherwise, it was suggested, “we may find our exports face trade barriers”. More than one submission mentioned the opportunities that existed for products from sustainably managed forests (both indigenous and exotic plantation forestry) and also from private regeneration of indigenous forest. One submitter suggested climate change policies would increase the importance of indigenous forests, thus increasing the demand for the growing of native plants.

Carbon as a “crop”

Carbon sink credits were, in themselves, seen as being a source of commercial benefit. One submitter suggested that marine carbon sinks could provide a new business opportunity. Several submissions pointed to increased commercial benefits if the sinks regime were extended to include indigenous forest and regenerating scrubland. These submissions emphasised the need to extend the scope of the Protocol to include indigenous forestry. Landcare Research raised the possibility of Forestry Joint Venture agreements being amended to allow the definition of ‘crop’ to include carbon dioxide, and for the carbon credit regime to be extended to indigenous forests.

Scepticism about opportunities

A number of submitters suggested that new economic opportunities would be created simply by changes in climate patterns, independently of any climate change policies. A number of submitters pointed to innovative technology that was already being developed in response to a growing awareness of the need to reduce carbon emissions. They pointed out that climate control policies were unlikely to have any significant effect on these existing and emerging opportunities. Their views were often part of an overall view that responses to climate change could occur without the need to ratify the Protocol.

Other submitters cautioned that perceived advantages might not be realised. In particular, there was concern that new opportunities would not compensate for the loss of existing and emerging opportunities. Some submitters suggested that additional production costs imposed by market-based policies would result in an economic shock from which the New Zealand economy would not recover. Many submitters emphasised the need to consider the long-term effect of the early introduction of market-based policies, particularly on the competitiveness of New Zealand products in the international market. Fletcher Building Ltd said:

The list of “economic opportunities” does not adequately address the economic effects of Kyoto Protocol ratification benefits and costs to New Zealand. Any such discussion should focus on possible changes in New Zealand’s competitive advantage, particularly with regard to energy use, energy availability and sources, and energy costs.

Question 4 — Further issues

Most of the submitters used this question in a very general fashion. Answers to this question covered many of the same issues that submitters addressed in their answers to Questions 1 and 2. Again, submitters sought to add to the consultation, either by raising issues or by giving views on issues referred to in the consultation document. Some submitters commented on deficiencies in the consultation document or the policy development process, and some made suggestions as to alternative or additional policies that could be followed in response to climate change. The submission from Greenpeace New Zealand detailed a number of further issues it thought should be considered, including the Government’s responsibility under the Resource Management Act, its failure to work with local government, issues relating to Pacific countries, and the need to address the issue of refrigeration gasses.

Specific issues

Some submitters raised very specific issues in their submissions.

- The Dunedin City Council drew attention to liability issues arising out of increasing sea levels and suggested government should issue guidelines on how these should be dealt with.
- The submission from SAMAG Ltd promoted the recognition of the magnesium industry as a net greenhouse gas reducer measured across the net life cycle of the products manufactured using magnesium.
- The New Zealand Seafood Industry Council suggested the implications of climate control policies on the seafood industry may have been overlooked. The submission pointed out economic modelling undertaken to date was either silent on seafood industry impacts or suggested those impacts would be negative.

Local government

Local Government New Zealand raised a number of issues, of concern to local authorities, which did not appear to have been considered.

- The need for more information to assist local authorities implement their own emission-reducing programmes.
- The introduction of structured mechanisms to guide the programmes; the submission suggested the Government should consider a role for local government in meeting climate change targets. The submission discussed six responsibilities (some existing, some potential) for local government.
- Assistance with adaptation. The submission commended the Government’s intentions to put in place a programme to assist with planning at local level for climate change adaptation. It emphasised the need, as a matter of priority, for local authorities to obtain accurate information about the effects of climate change as part of the planning process. There was also a need for local authority staff and politicians to receive education and advice on issues relating to climate change.

Resource Management Act

The relationship of the Resource Management Act to climate change policies was a theme in many submissions. Submitters with an interest in alternative energy sources, such as the New Zealand Geothermal Association Inc), suggested that the regulatory process under the Resource Management Act created barriers to the use of renewable technologies. The Association recommends that Government should:

...add national energy objectives to the RMA in order that national benefits of renewable energy are given appropriate weight in local decision making.

Contact Energy, looking to achieve the same outcome, indicated it would welcome:

...the introduction of a provision into the Resource Management Act, clarifying that climate change is not a Resource Management Act issue and ensuring that greenhouse gas emissions are not subject to controls under the RMA which potentially conflict with Government's specific greenhouse gas policy.

The submission from the New Zealand Law Society Resource Management Committee suggested that legislation addressing the control of greenhouse gas emissions should be integrated into the Resource Management Act regime. The Law Society suggested that a national policy statement could be used to create links between national climate change policies and resource management. It said:

It is artificial to try and divorce resource management under the Resource Management Act 1991 from the consideration of CO² discharges resulting from human activities.

Other submitters saw the Resource Management Act as playing an important role in climate change. The Environmental Defence Society Inc. suggested that:

...once a comprehensive system is decided for national regulation... the RMA should be amended so that a consent authority may not decline or limit in rate, consents for emissions of greenhouse gases, on the basis that they have an effect on the climate.

Integration of policy

Integration of policy was also a strong theme in many submissions, often related to references to the Resource Management Act or to the national energy efficiency and conservation strategy. The Baynton and MacDonald Brown Partnership provided a copy of the submission they made on the NEEC strategy, and highlighted the relevance of the submission to other climate change policy considerations by advising that their views "had not changed". Their accompanying letter expressed concern at the development in isolation of the NEEC strategy, the waste minimisation strategy and the climate change policy. The need to integrate policy was a very strong theme in a number of submissions. There was clear concern that the Government appeared to be overlooking existing effective policy initiatives and were developing, in isolation, a new set of policies as a result of ratifying the Kyoto Protocol.

Individual patterns of consumption

Baynton and MacDonald Brown and a number of other submitters suggested climate change policies would not be effective until there was a change in the patterns of consumption by individuals. Many submissions, particularly those supporting ratification, considered that climate control is the responsibility of everyone. A few specified the kind of policies that should be adopted to encourage individuals to accept this responsibility; policies to encourage the use of means of transport that would result in lower emissions were among these suggestions. The submissions emphasising the need for increased education on

climate change often saw education and information as a means of encouraging individuals to change their behaviour.

Other policies

Submitters often discussed other policies or activities they thought should be followed in relation to climate change.

Several suggested that, because of the need to ensure global actions in response to climate change, diplomatic pressure should be put on countries that have declined to ratify the Kyoto Protocol. The urgency of global action was stressed in a number of submissions.

Several submissions suggested alternative climate change policies that could be implemented outside the Kyoto Protocol. Carter Holt Harvey, for example, listed a range of “no regrets” policies, which the company named the “Kiwi Protocol” and suggested could be introduced immediately. The Business Round Table also referred to alternative policies.

Alternative timetables for ratification

Other submitters who opposed ratification on the grounds of timing suggested alternative timetables for permitting the identification and assessment of policy options before the Protocol was ratified.

Question 5 — Proposed Climate Protection Bill

Very few submitters responded to this question. The majority of responses made generalised comments about the legislation, although some submitters raised more specific issues. The Environmental and Conservation Organisations (ECO), for example, supported the legislation but stipulated that it should provide that Government will not purchase emission units that have been derived from nuclear projects. Telecom New Zealand, one of the few commercial organisations to refer specifically to this question, believed there was a need for more thorough analysis before the purpose, structure and scope of the specific legislation was determined. The submission identified specific issues that the legislation should address.

Attitudes to emissions trading

Government ability to buy and sell on the international market

Most submissions made general comments on emissions trading or on the Government’s role in trading, and did not comment specifically on the proposed legislation. While a few of the submitters commenting on this question expressed their approval of the legislation because they supported the Protocol and the legislation was a necessary part of meeting obligations, many opposed emission trading because they did not consider that it would assist the reduction of emissions; others were concerned with the ethics of “trading in pollution”. In the main, submitters who answered this question showed that they had significant doubts as to whether an international market in emissions was a good option. Some submitters sought to make constructive comment. Greenpeace New Zealand, for example, while not supporting a system of emissions trading, recognised that it was the Government’s policy preference and listed the criteria it considered should form the basis of an emissions trading scheme.

Very few respondents directly addressed the question being asked. Methanex New Zealand Ltd, one of the few submitters to do so, was not confident in the Government’s ability to play a role in any trading system, because of its “poor record of recognising and managing commercial risks”. The company suggested:

Government's role should be to provide an environment that is conducive to satisfying society's broad objectives and then leave private companies to manage their affairs within that environment.

Other submitters had doubts about the system.

Is emissions trading ethical?

Many submitters were concerned that the concept of trading emissions was not compatible with environmental integrity, while others objected to emissions trading for other philosophical or ethical reasons. There were doubts that emissions trading would have any effect on emissions, with submitters suggesting emissions trading was likely to lead either to the transfer of the sources of pollution to countries that had not ratified the Protocol or would give richer nations "a licence to pollute". Several submitters made comments that showed the concept of an international market for emissions was, in itself, a source of suspicion and mistrust.

There were questions raised as to whether it was ethical for the Government profit from sink credits it had not been responsible for creating. One submitter, for example, was of the view that Government should not have the ability to sell "credits created by the investment of others". A private submitter who opposed ratification, questioned whether the Crown should have:

...the power to nationalise credits from individuals' investment in forests.

Is emissions trading workable?

Another strong theme in the submissions was submitters' doubts that an international carbon trading system was workable. The New Zealand Futures Trust, for example, did not think the international trading of carbon dioxide emissions against planted forests "is practicable". The Trust doubted that quotas could be allocated "with confidence and with general agreement between parties", and highlighted other factors it considered would make the proposal "difficult to manage". The Trust considered that a system of rewards recognising organisations that achieved significant efficiency gains would be more directly focused on the main objective of reducing the greenhouse gas burden for the future.

Local authorities, like the Tasman District Council, doubted the "effectiveness and integrity of the international market in emission units and sink credits". The Council suggested there were risks for countries or corporates "playing the system". The Waimakari District Council also thought international trading was a "high-risk option", dependent on the price other parties are willing to pay for credits. The Council suggested that the effectiveness of the system depended on it being accepted globally.

Will it mean another bureaucracy?

Many submitters, particularly those who opposed ratification, were concerned that the Government's involvement in emissions trading would create an unwieldy and expensive bureaucracy. Several submitters suggested that the money spent on this system would be better spent on strategies to reduce emissions. L. Hanna, a glasshouse grower from Brightwater, suggested:

... the funds to maintain such bureaucracies should instead be proposed as direct greenhouse benefits in the form of extra funding to assist businesses to improve their efficiency.

There was a high level of concern expressed in a number of submissions, particularly from the agricultural sector, that the market-based policies would result in a bureaucracy.

Objections to another bureaucracy were founded on philosophical grounds, on concerns for additional costs, and on doubts as to its effectiveness.

Is it necessary?

A number of submitters considered that emissions could be managed by methods other than emissions trading. Warren Stace from Hamilton, for example, suggested a system of carbon trading was too complex for “grass roots” people to understand and suggested a simpler strategy was for the Government to:

... ensure that polluters are regulated with National Policy Standards.

ECO, however, rather than seeing a national policy standard as being an alternative, supported the legislation, recommending that the inventory should be linked to the Resource Management Act requirements.

What limits should there be on trading?

Some submitters seemed to accept the emissions trading system, but wanted it subject to stipulations designed to ensure that trading activities did not take priority over emission reduction. A submitter from the private sector expressed concern that the option for the Government to buy and sell would not lead to reduction in emissions and added, in additional comments:

Internationally and nationally any such trading should be controlled by government and only permitted when set emission reduction targets have been met by any sector and the country.

Inventory and Registry

Comments about the inventory and registry to be set up under the Climate Protection legislation were also relatively few. In the main, however, submitters sought to make constructive comment on matters relating to the operation of these elements of the system.

Compliance costs

Issues of compliance costs were raised in conjunction with comments on the structure of the inventory and registry holding body and the collection and holding of information. Submitters were particularly concerned that this should not become “another bureaucracy” with high operation costs. Most respondents suggested that an existing body should hold and be responsible for the inventory and registry. ECO suggested the Ministry for the Environment should be responsible for administration of the registry, and a new and separate budget should be allocated to the Ministry for this purpose. Opinion was divided as to whether this body should be an existing, non-departmental Crown agency, such as EECA or a state-owned enterprise or, as suggested by Forest, by a non-government agency, so that it could be shown clearly that costs and revenues were being used for gross emissions reduction.

Data gathering and storage

A number of the respondents referred to the need for accurate data to be gathered and held on the inventory, and the difficulty of achieving this. The agricultural sector, in particular, emphasised the difficulty of obtaining accurate information on agricultural emissions.

A few submitters commented on the need for government to have adequate powers to ensure that accurate information is provided by emitters. Some submitters pointed to existing sources of information. Juken Nissho Ltd referred to the NEFD (National Exotic Forest Description) as having an existing database of forests for New Zealand. A number of

submitters referred to the need for the system to be subject to independent international audit. Federated Farmers of New Zealand (Inc) emphasised the importance of establishing reporting requirements for both the inventory and the registry that would enable businesses to make informed investment decisions as soon as possible.

Barriers to trading

Federated Farmers National Office, and other submitters from primary industry, emphasised that criteria and procedures for account holding on the registry, such as ethical constraints on supply and on conditions of entry, should not operate to exclude some businesses from holding accounts. The Federation stressed the need for a trading system to be as barrier-free as possible.

Several submissions referred to the statement made in the consultation paper that:

As a matter of policy, the Minister will not purchase emission units that have been derived from nuclear projects.

Views were divided on this statement. Federated Farmers National Office considered it was important that the Government meet its emission reduction target at least-cost to the economy.

This would include the ability to purchase emission units on the international market irrespective of source. Preventing New Zealand from taking advantage of all least-cost purchasing options for emission units will add to the cost of New Zealand meeting its obligations.

Fisher & Paykel Appliances Ltd questioned whether the policy on discriminating between sources of credits could be put into practice. The submission asked:

...will emission units be “earmarked” in such a way that it will be possible to say that particular units have been derived from nuclear projects.

The Dunedin Environment Centre, on the other hand, recognised that such a policy would be difficult in practice and would require verified documentation on how emission units were generated, but nevertheless expressed a desire to see the policy extended to:

... selling emission units that will be used to compensate for activities related to industries that New Zealand has strong ethical reservations over.

Access to information

There was some division of opinion on whether the information held on the inventory should be publicly accessible. Submissions from the Nelson Environment Centre and the Dunedin Environment Centre suggested that inventory information should be accessible to ensure transparency and accountability, while Genesis Power Ltd pointed out that the information held on the inventory could be commercially sensitive. ECO considered information should be subject to no other confidentiality protections than those afforded by the Official Information Act.

The issue of confidentiality was not raised in relation to the registry, which Juken Nissho Ltd suggested should identify international trading.

Local government access to information

A number of local authorities referred to the relationship that should be developed between central and local government if information of emissions was gathered. Local Government New Zealand suggested, for example, that information should be collected and reported to

provide regional and local assessment information, which would give valuable assistance to emissions reduction programmes being carried out at local level.

PART 2: DOMESTIC POLICY APPROACH

In Questions 6 to 8, views were sought on a range of policies that could be adopted after ratification. Respondents, however, appeared to engage less with questions seeking views on policy options than on issues relating to ratification. Significantly fewer submitters expressed views on the policy matters covered by feedback forms 2 and 3, which asked questions about domestic policy options for meeting Kyoto Protocol obligations, than the number who responded to the earlier questions relating to ratification. Of those that did comment, the majority answered Question 6 and, to a lesser extent, Question 7. Only a few answered Question 8.

- Q. 6 Who should take responsibility for managing greenhouse gas emissions? Government? The private sector? A mix?
- Q. 7 If the private sector takes responsibility, how do we divide this responsibility between sectors? Where the Government takes responsibility, how much should it take? Should Government set aside a reserve of emission units to reduce its possible liabilities at the end of the commitment period, If so, in what circumstances?
- Q. 8 Keeping in mind the measures that the Government has already announced or is developing (including Negotiated Greenhouse Agreements), which of the following proposed market-based policy instruments do you think are appropriate, and in which sectors or circumstances?
(Noting the Government's objective is to ensure achievement of New Zealand's Kyoto Protocol obligations in a manner that demonstrates environmental integrity and leadership while keeping as low as practicable the social and economic costs of measures to achieve those obligations)
 - o Government responsibility (if so, how should this be funded?..)
 - o Emissions charges (noting the options for the use of revenue...)
 - o Emissions trading (noting the options for points of obligation and methods of allocation...)
 - o Levies/rebates (why might you use a levy or rebate?)
 - o Project-based initiatives including project-based trading
 - o Hybrids of the above (what combinations of policies would you suggest? Should Government set up projects if it has other market based policies in place? Why?)
- Q. 9 Should market-based policies be implemented before the commitment period? If so, which ones?
- Q. 10 What transition arrangements might be needed for different sectors?

Question 6 — Division of responsibility

It appeared that submitters responding to this question were not clear as to whether they were being asked to give their views on who should be responsible for the overall management of meeting New Zealand's emissions commitments under the Protocol, or

whether they were being asked for views on who should be responsible for the management of actual emissions. Comments suggested that submitters applied either one or other of these interpretations or, in some cases, considered the question of responsibility at both levels. Responses that said the Government should take responsibility often seemed, in their comments, to be assigning actual responsibility for reducing greenhouse gas emissions to a lower level, suggesting that these submitters were more inclined to a system of a mix of management responsibility.

Government responsibility

Over a third of the submitters who commented on the issue of responsibility indicated that the Government should be responsible for the management of emissions. A number of reasons were given to support this view:

The Government is legally responsible

The most common reason given for the Government being responsible was that, as the signatory of the Protocol, it would be legally responsible. Many submitters, however, saw devolution of management of actual emissions to local level to be essential. Environment Canterbury thought:

It is possible for Central Government to manage greenhouse gas emissions and still provide incentives and disincentives for the private sector to take appropriate action.

Climate change is a national/international issue

Other submitters suggested that, because climate change was an issue for everyone, the Government, as the representative of the nation, should be responsible for managing emissions. Similarly, those respondents who saw climate change as a global issue also assigned management responsibility to the body best placed to give a response at international level. At the same time, many submitters recognised that, in meeting its national and international obligations, the Government would be likely to assign responsibility to various sectors.

Emissions management is a taxpayer issue

Another strongly articulated theme, particularly in responses from the rural sector (which was concerned about additional costs to the farming industry), was that the Government should be responsible so that the taxpayer could assume the costs of emissions management, rather than the private sector. Federated Farmers of New Zealand said:

As the Government will be committing the country to obligations under the Kyoto Protocol on behalf of all New Zealanders, all New Zealanders should share in the costs and/or benefits of the Government's intention to ratify. This would appear to be the least distortionary approach towards meeting commitments under the Kyoto Protocol, and least cost to specific sectors.

The Government is able to implement a range of policies

The Government's ability to implement a range of policies to deal with emissions and with climate change was also a reason for supporting Government's management responsibility.

Some of the policy options that submitters mentioned went beyond both market-based options and beyond the management of emissions. The ability to provide education on climate change was a frequently iterated reason for Government assuming responsibility. Submitters who were concerned about the economic impacts of climate change policies tended to suggest that Government should be responsible for emissions management

because it was in a position to shield businesses from the negative impacts of climate change policies. A few of these submissions also mentioned that the Government would be able to create incentives, such as tax incentives, for emission control.

The Government is more trustworthy than business

A few submitters supported Government responsibility because of concerns about the effectiveness or trustworthiness of the commercial sector. Business, some submitters said, has too much of a vested interest to be primarily responsible and is not impartial enough to consider the national and international good. Issues such as access to information and the enforceability of emission control measures were other reasons for some submitters preferring Government over private responsibility for management.

Government responsibility for the first commitment period

Several submitters supported Government responsibility for the first commitment period. Fletcher Challenge Forests Limited said:

Unless mechanisms should be put in place to preserve the competitiveness of our forestry industry, we believe the Government should take responsibility for both credits and liabilities for emissions for at least the first commitment period.

Local Government NZ also supported this approach, because it would buy time to research and design an incentives-based regime that would incorporate both market and non-market/co-benefit initiatives.

Mixed responsibility

Slightly less than one-third of the submitters considered that responsibility for emissions management should be mixed. The main points of difference in the views put forward in support of mixed responsibility for managing greenhouse gas emissions were the reasons for the mix, the degree and nature of management responsibility, and the operational structure for sharing responsibility.

By and large, the reasons given for this preference echoed the reasons given for Government assuming management responsibility. This similarity of reasons suggested again that, even where submitters had indicated a preference for Government management, they often intended overall responsibility to rest with Government with responsibility for complying with reduction policies being at emission level. There were, however, some different reasons. In particular, some submitters considered that anything other than a mix of responsibility would not recognise the responsibility that emitters had for their emissions. Submitters expressing this view often saw assumption of responsibility equating with assumption of cost. The term “polluter pays” was often used in conjunction with a call for mixed responsibility. Meridian Energy considered that principle is “ultimately inherent in the Kyoto Protocol”, although its submission called for a gradual and transparent transition to allow the economy to reflect successfully the price of carbon.

In general, those who advocated mixed responsibility did so because they recognised that the implementation of emission reduction policies was a “complex situation requiring a mixture of approaches”. Fletcher Building Ltd, having pointed out the Government’s legal responsibility as signatory of the Protocol, considered that there were practical barriers to devolving total responsibility for emissions reduction to the private sector. These were:

- *Compliance costs for small emitters*
- *Sectors where there are a large number of “points of obligation”, each with a “small” GHG emission (eg transport)*

- *Sectors where it is difficult to determine the GHG emissions with a reasonable level of accuracy (eg agriculture).*

Local authorities frequently mentioned the need for local government to be involved in the management regime, as well as the private sector. The Otago Regional Council's (s316) view was:

...a mix of institutional and organisational arrangements is appropriate for implementation and management of New Zealand's obligations under the Kyoto Protocol... central government, local government and private industry all have a degree of responsibility and current mechanisms already provide a mandate of local government.

Several of the submitters discussed the appropriate respective roles of Government and the private sector, and the degree to which responsibility could be devolved. Most of the submitters supported the Government assuming a broad, regulatory and monitoring role, while leaving direct management of emissions to industry sectors. Some submitters, such as the Manukau City Council, pointed out that there might be a need for the Government to assume direct responsibility for some emissions where the nature of the sector makes it necessary. Agricultural emissions were often cited in conjunction with comments of this kind, and the submitters were usually thinking of management in terms of the buying and selling of emission credits on the international market.

A few submitters referred to the management structure needed to implement a mixed responsibility strategy. Forest Research suggested that it should be a stand-alone, Government funded agency to ensure transparency in the implementation of domestic policies. Most submitters, however, did not discuss structural issues, and tended to emphasise the direct relationship between central government and the private sector.

Private responsibility

A similar number of submissions to those who supported mixed responsibility supported private sector responsibility for emissions management. Private sector responsibility was mainly supported by individual submissions from farmers in the Otago and Southland Provinces. The tenor of their responses suggested that they were focusing on strategies for reducing agricultural emissions and considering where the development, and possibly the enforcement or implementation, of control methods would be best carried out. Many of this group specified their preference for a separate levy-based organisation that would allow appropriate decisions to be made. A number of these submitters emphasised the need for voluntary rather than compulsory reductions, and some also expressed views that suggested a distrust of Government intervention and "bureaucracy".

While some submitters tended in their comments to express a definite preference for responsibility to rest either at Government or, to a lesser extent, at private level, the wording of the responses suggested that the majority of submitters had in mind a sharing of management functions. Even those submitters (particularly from the agricultural sector) who suggested that responsibility for management of emissions should be voluntary and lie with the private sector, either through individuals or through a levy-funded organisation, did not specifically discount Government having a responsibility for emissions management. In effect, therefore, the majority of the submissions tended to support a mix of responsibility. For many, the appropriate role for Government would be to take overall responsibility for developing the framework within which industry and, some submitters thought, individuals would achieve a reduction in greenhouse gas emissions. In carrying out this role, Government's responsibilities would include: the provision of education and information; setting standards and targets; monitoring emissions; and creating incentives and implementing policies to offset adverse economic impacts. The private sector, including industry emitters, would be responsible for the day-to-day management of emissions,

including the development of appropriate management techniques. The fundamental debate, therefore, hinged on the degree and nature of the regulatory regime and Government's role in discharging its responsibilities.

Question 7 — Dividing the responsibility between sectors

Only a small percentage of submitters responded to this question. Respondents came from the broad spectrum of those who put in submissions — no one sector was more heavily represented in the responses than any other. However, where submitters had used a format that did not follow the numbering or the format of the feedback form, comments on the division of responsibility between Government and between the sectors were included only where it was clear the submitter was expressing views relevant to this question.

Although significantly fewer submitters addressed this question than had responded to the questions on ratification, those that did tended to express support for a high level of Government responsibility for managing emissions. Some suggested that this was necessary because of the complexity of the proposed emissions trading scheme. This support, however, was tempered by reference to the involvement of the private sector, either by way of consultation and negotiation in the development of policies, or because the private sector would be responsible for managing emission reduction within the policy framework established by the Government. None of the submissions appeared to envisage a high degree of regulatory control; many spoke in terms of Government providing incentives rather than penalties.

An important theme in the responses was the need for policy that recognised and provided for the variations and differences between sectors and was, therefore, likely to impose realistic targets at least cost to businesses. Linked to this was the need for further discussion between industry and the Government to determine the appropriate emission reduction policies and structures.

The Government responsibility

A significant number of the respondents to this question supported Government retaining total responsibility. The responses suggested that submitters considered it to be the Government's role to develop policy and to establish the system necessary to implement it. Monitoring emissions, requiring accountability and ensuring the effectiveness of the system was also seen as being an appropriate role for the Government. Many of the submitters emphasised the need for policy to be developed in consultation and negotiation with industry and other interests.

Some submitters saw the Government as having a more interventionist role, particularly in relation to emissions and credits. Shell Petroleum Mining Ltd suggested the Government could only avoid the risks of ratification by developing "informed and comprehensive" policy and by:

...retaining Kyoto obligations and credits at the national level, rather than devolving these down to sectors and industry...

A number of other submitters put forward the same view, and also reflected the suggestion put forward by Shell that there should be a system of domestic incentives to encourage energy efficiency.

Two local government submitters, including Local Government New Zealand thought that the Government should have an extensive role during the first commitment period, while policy and implementation systems were being developed and implemented.

Degussa Peroxide Ltd suggested there was a need for different measures to be applied to different sectors, and for the Government to take responsibility for those sectors that would

create a “ripple effect” on others. The submission specified transport and energy. Submitters from the agricultural sector raised the issue of exempting agriculture from any emissions regime. A number of the submitters who responded to this question, however, considered it was too early in the policy development process to make any determination about allocating responsibility.

Two equally strong and interrelated themes emerged from respondents’ discussion of how responsibility for managing greenhouse gas emissions should be divided with the private sector. Firstly, there was a clear message that responsibility should be allocated sector by sector and, secondly, that responsibility for reducing greenhouse gas emissions, or for any costs associated with emissions, should be born by sectors or industries in proportion to the level of emissions for which they are responsible. Submitters emphasised that only sector-by-sector allocation of responsibility would allow policies to recognise and accommodate the differences between a range of factors, such as levels of emissions, the ease of achieving reductions, and the cost implications of implementing reduction strategies. Degussa Peroxide Ltd reflected the opinion of a number of submitters, both those who supported and those that opposed ratification, in saying:

The mix of government and private sector responsibility is very much dependent on the individual industry sector. It is our view that the mix of Government and Private Sector responsibility for each sector must be considered not just in isolation but also in regard to its regional and national impact.

Reserve of emission units by Government

Very few submitters responding to this question made specific reference to this issue. In supporting Government’s assumption of total responsibility for the management of greenhouse gas emissions, a number of submitters appeared also to support Government being responsible for the management of emission units. Some submitters favoured retention of a reserve to avoid entering into a debit situation or to cover contingencies that might arise for a number of reasons, including higher-than-anticipated growth in a sector such as the construction sector. Retention of a reserve was seen as an appropriate risk management strategy.

The submitters who opposed retention of a reserve of emission units did so for a range of reasons. One submitter thought that the need for such a reserve threw doubts on the emission reduction policy strategy by suggesting that emission reduction targets would not always be met. Another submitter favoured selling surplus units and using the proceeds to promote responses to climate change. Two submitters from the agricultural sector were cautious because any restriction on the supply of emission units to the private sector could result in an unintended increase in the cost of purchase of units. Other submitters suggested that there should be a limit to the percentage of available units the Government could hold in reserve.

Question 8 — Policy instruments

Approximately 15% of respondents made any comment on the range of policy options submitters were invited to comment on in the question. Often the issues raised in the responses, and the policy options preferred by submitters, related to the special needs or interests in which the submitter operated. In the main, there was very little detailed discussion in the majority of submissions, although submissions from environmental organisations such as ECO, Greenpeace and the Royal Forest and Bird Protection Society discussed a range of policy options. Industry submitters, particularly from the energy sector, gave consideration to the policy options relevant to their sector. Many submitters, however, said they were unable to comment until further information was available on the Government’s preferred options.

Views on Government responsibility were mixed. There was support for Government to manage emissions, at least during the first commitment period, because it would allow certainty for business as it moved into the new regime. Fletcher Building Ltd suggested that Government could, over time, negotiate to relinquish its responsibility to the private sector through negotiated transfers, and could provide for the transition to market instruments through project mechanisms and through voluntary emissions trading. Other submitters supported Government responsibility because it offered flexibility in policy and allowed for a range of “softer” options to be used rather than market-based instruments.

There was also some suggestion that, since the Government was responsible for achieving targets under the Kyoto Protocol, it should also be responsible for managing emissions. There was concern, however, that too much Government control would result in a lack of incentives for individual improvement at the domestic level, or for improved emissions reduction by organisations. One submitter pointed out that, while responsibility might rest at Government level, management authority could be delegated to lower levels. Manukau City Council suggested that Government responsibility for managing emissions should be the option of last resort, and applied only in sectors that cannot take responsibility for themselves. There was some concern that decisions made at Government level might not always be beneficial for sectors. Wrightsons Ltd was concerned that management at Government level might impose costs on agriculture.

The ability to share the responsibility, and therefore the costs, of emissions was another reason given for Government not accepting full responsibility. It would relieve emitters of the consequences of emissions and, it was suggested, might be misconstrued as being simply a revenue-gathering exercise on the part of Government.

Forest Research suggested that responsibility for managing emissions could be carried out by a Government-appointed agency funded from revenue generated from the sale of surplus emission units under the assigned amount.

Funding through general taxation

Of the submitters who favoured Government assuming responsibility, the majority considered that Government activities should be funded out of general taxation. Submitters considered such an arrangement would:

- spread the costs of emissions to all New Zealanders. This would mean that businesses would not be penalised for investment decisions made before Kyoto;
- be the least distortionary approach towards meeting Protocol commitments as well as being the least-cost option for specific sectors;
- because emissions had potentially significant economic effects, it would provide flexibility to the Government in the overall management of the New Zealand economy; and
- ensure that World Trade Obligations were not breached by avoiding the creation of a Government subsidy through revenue recycling, which might occur under other options.

Other sources of funding

There was some support for funding Government to manage emissions through emissions charges, and also support for providing funding from the sale of emissions. Funding through GST had faint support, as long as the addition to the amount of GST was “miniscule”, about ½%. One submitter suggested that funding through GST would not preclude the use of market mechanisms, but would remove some of the uncertainty about the economic and social impacts.

A tax on fossil fuels was mentioned as being an appropriate method of raising revenue for the energy-efficient development of non-carbon alternatives. One submitter suggested that funding could also be raised through the sale of hydrogen.

Emissions charges

By far the greatest number of responses was made in relation to emissions charges. Of those responses, more than half the respondents indicated approval for the some form of emissions charge.

Submitters appeared to be considering emissions charges in relation to a carbon tax. The reason for the strong support for a carbon tax was that it was seen as providing an incentive to minimise fossil fuel use, although some submitters thought a carbon tax might not achieve that intention. Other reasons for supporting the tax were that the charge:

- recognises the “polluter pays” principle;
- will be the least-cost and simplest option to set up; and
- will create incentives for abatement.

Submitters did not necessarily see a carbon tax as being permanent. Some suggested it should be used only for as long as necessary to achieve the required reductions and behaviour changes.

Submitters who opposed the charge often did so because it would increase costs and impact on competitiveness. There were concerns that the cost of emissions charges could prove to be higher than the cost of purchasing units on the international market.

Use of revenue

Several uses were suggested for revenue from emissions charges. These included:

- funding climate change projects;
- developing public transport;
- funding research and development for energy efficiency;
- promoting alternative energy sources;
- addressing the physical effects of emissions;
- purchasing emission sinks; and
- addressing concerns of equity and competitiveness.

Emissions trading

While there were some expressions of disquiet from submitters in the private sector about the principle of allowing emissions, few submitters engaged with this question. One submitter suggested:

there is a great risk of deliberate trading off by unscrupulous companies while the undeveloped countries remain outside the Protocol. Non-price options are difficult to police while any emissions trading centres an unfair penalty against the smaller businesses

Manukau City Council identified emissions trading as its preferred option over all other options, as did the Energy Federation of NZ Inc. Many submissions that addressed

emissions trading came from the energy sector. There were some suggestions that domestic trading could occur, possibly in the context of Negotiable Greenhouse Agreements.

Point of obligation

Very few submitters addressed this issue. Of the handful that did, most indicated that the point of obligation should be at the emitter level. There was concern that some of the smaller sectors, such as agriculture, may be unduly burdened by transaction costs if responsibility was at the level of individual emitters. The Energy Federation of New Zealand considered that the needs of small companies could be met if there was provision for collective arrangements.

There was, however, some support for the point of obligation being at a higher level, at least in some sectors. Natural Gas Corporation suggested the point of obligation should be with major gas users, and respondents from other parts of the energy sector variously suggested wholesale and national levels. Peter Read, a consultant, pointed out that the higher the point of obligation, the lower the transaction costs.

One submitter, bearing in mind the need for individuals to take responsibility, suggested that the point of obligation should wherever possible be at the point of sale. Another submitter emphasised that this was a situation where the maxim “polluter pays” should be applied.

Method of allocation

Again, very few submitters made any responses to this topic. Those that did tended to prefer allocation of emission units either by auction or by grandparenting to historical emission levels. Greenpeace New Zealand did not favour emissions trading as a means of dealing with climate change, but considered that it was an option being strongly promoted by Government. It considered that an auctioning system was the preferred method of allocation and said:

An auctioning system that embraces the principles of ‘cap and trade’ should be preferred over a ‘baseline and credit’ method of distributing emissions permits. We believe cap and trade is a fairer tool for allowing the market to decide who the highest bidder will be. Cap and trade has broader community gains in both equity and efficiency.

Meridian energy pointed out that grandparenting provided limited incentives to reduce emissions, but allocation by auction had an implication for costs. The company supported a hybrid of the two to ensure that a:

... gradual transition occurs , whilst ensuring that all parties receive the signal that behavioural changes are necessary.

Natural Gas Corporation supported the use of grandparenting as the allocation mechanism, considering that it would help to minimise the impact on the economy while recognising the efforts of the companies that participated in the Voluntary Agreement process. ECO suggested that grandparenting would have the effect of rewarding polluters. It put forward, as one option, a per-person allocation or quota with the rest auctioned but, like bonds in the finance market, with a range of terms (time-periods) during which they are current.

Levies and rebates

Levies and rebates gathered some support from submitters across the sectors. Several submitters saw a levies and rebates scheme as a way of penalising pollution and rewarding reductions. Rebates were often discussed in terms of tax benefits.

Some submitters suggested levies would have more benefits in some sectors than in others. BP Oil NZ Ltd supported their use in sectors with little control over their emissions and, therefore, little ability to respond to price signals. Agriculture was cited as an example. One submitter suggested that a levy could be placed on the livestock industry to fund research and development to reduce methane emissions.

Federated Farmers of New Zealand, however, considered that a levy was not directly related to emissions or to the cost of reduction. There was concern among agricultural interests that reductions in levy payments could be achieved only by lowering stock numbers, with a consequent effect on production.

Other submitters expressed concern at the lack of incentive in levies for emissions reductions. Questions were raised about the effect of levies on business costs and competitiveness, and their effectiveness for changing behaviour upstream from the levy payer.

Project-based initiatives (including project-based trading)

Almost all the submitters who made comments on the use of project-based initiatives approved their use. One submitter suggested that such schemes provided “enormous scope for fraud”, while another cautioned that projects would need to be carefully managed and very transparent to ensure that they were not inefficient and inequitable. Federated Farmers of New Zealand suggested that idea had inherent weaknesses that would need to be overcome, and that any emissions reduction must be rewarded

Landcare Research used its EBEX21 project as an example of an existing initiative that could be considered as being project based. Other submitters put forward suggestions of projects applicable to their sector or interests. In the main, however, support was given for project-based initiatives because they were voluntary and were seen as giving greater incentives for reductions. Negotiated Greenhouse Agreements were mentioned as particular projects that could be used.

Hybrids

Hybrids of policy measures were viewed with approval by a number of submitters. They were described as offering “sticks and carrots”, with more carrots or as a balancing of the “pros and cons”. One submitter also commented that such an arrangement:

Offers the most flexibility and spreads the responsibility.

While some submitters limited their comments to generalised expressions of approval, others made suggestions as to some of the hybrid policies that could be used.

- Project-based systems and emissions trading were mentioned by a number of submitters.
- Milburn New Zealand Ltd considered that the most effective arrangement for their business would be a cost -negotiated greenhouse agreement with emissions trading (if sufficient credits were available), project-based funding, and the ability to switch between options as market dynamics change.
- New Zealand Refining Co Ltd supported negotiated greenhouse agreements and suggested that these could be broadened to include project-based initiatives and trading.
- BP Oil Ltd suggested a negotiated greenhouse agreement that recognises a project-based initiative or allows credits to be purchased.

Policy dimensions

Submitters were asked to indicate the policy dimension that most influenced their thinking when answering the question. Many submitters indicated more than one dimension.

Thirty-six submitters indicated that they were most influenced by considerations of efficiency; 19 indicated equity; environmental integrity influenced the thinking of 11 submitters; feasibility influenced five submitters and one submitter was influenced by considerations of competitiveness.

Comments

As well as commenting on one or more of the options, submitters made broad comments on the policies they thought should be applied to reduce greenhouse gas emissions. There were some expressions of concern about the use of market-based instruments. Negotiated Greenhouse Agreements were also viewed with suspicion by submitters who supported the application of more “mandatory” approaches.

In the main, submitters focused on the principles they considered should form the basis of the policies. Various submitters suggested the policy approach should:

- be flexible, to encourage sector specific measures. (Flexibility was a principle mentioned by a number of submitters);
- encourage innovation;
- provide incentives rather than charges;
- offer a least-cost solution;
- deliver environmental benefits that avoid carbon leakage to developing countries;
- share the burden across all sectors;
- apply an inter-temporal dimension, including an inter-generational dimension, to the equity criteria by recognising the principle of “polluter pays”; and
- apply the “precautionary principle”.

There were some suggestions that policies should be focused on those sectors where emissions were rising, such as transport and energy. Some submitters also suggested that they should be exempt from any charges. Shipping, for example, suggested that the treatment of domestic shipping should conform with treatment of shipping overseas; agriculture emphasised the difficulties of imposing charges on emissions in that sector; and BHP New Zealand Steel sought exemption from charges in recognition of emissions reductions already achieved.

The need to protect New Zealand's international competitiveness was an issue raised by several submitters. Others, however, considered that competitiveness was unacceptable as a policy dimension in that it “provides a way of justifying inaction”. Some submitters, such as the Waitakere Branch of the Forest and Bird Protection Society, questioned whether some form of tax should be imposed on imports from non-ratifying countries to minimise their competitive advantage.

A key message to come from many submitters was the need for an early identification of the intended policies. Genesis Power Ltd mentioned in particular that the application of domestic policy instruments to the electricity sector is like to be a complex issue and asked for preferred policy options to be announced as soon as possible, followed by an extended timetable for consultation.

Several Maori submitters asked that any policies recognise the principles of the Treaty of Waitangi and that Maori be involved in policy development in accordance with them.

Several submitters, including ECO and the Royal Forest and Bird Protection Society, suggested that there would be significant difficulties with a system of tradeable permits for emissions. Not only would there be issues relating to allocation and tenure, but there would also be issues under the Treaty of Waitangi. This latter issue was also raised in submissions from Maori.

Question 9 — Implementation before the commitment period

Most of the submitters who advocated the implementation of market-based policies before the first commitment period came from the private sector and from community-based environmental organisations. A perception of urgency was one of the reasons most frequently given for this stance:

Yes. This is an URGENT matter. Any policies that reduce emissions must be implemented immediately. Emission charges, emission trading, project based initiatives and negotiated greenhouse agreements. At least trial these schemes.

Other submitters suggested a more gradual transition to market-based measures:

Try other measures first (be straightforward with the public). Threaten a carbon charge for major emitters.

A supporter of early introduction, however, considered that threats would not be enough and said:

Yes: all of them. without legal or financial incentives, why would businesses change their emission levels at own cost before it being absolutely necessary?

Few submitters disagreed strongly with climate change policies being introduced before the first commitment period. Many, including those that opposed ratification of the Protocol, supported the need to take action in respect of greenhouse gas emissions. The issue was about the kind of policies that would be introduced; and whether the policies introduced before the first commitment period should be market-based policy options, or whether they should be “softer” options, such as Negotiated Greenhouse Agreements and other voluntary arrangements. This decision, some submitters suggested, could be made only after further consideration of the potential policy options. Fletcher Building Ltd said:

Policies (including both “market” and “non-market” policies) should only be introduced after a rigorous consultative and analysis programme has established the effects of the policies. the objective of climate change policy is cost-effective GHG emission reductions.

Most of the responses did not favour the introduction of market-based policies before it was necessary. The New Zealand Business Council for Sustainable Development said:

...as New Zealand as a country is not under any legal obligation before 2008 it does not seem necessary to nationally impose burdensome mechanisms before then.

The Council thought, however, that the time leading up to the first commitment period could be used:

...as a window for gaining experience with new market mechanisms and searching for innovative solutions without heavy penalties.

Other submitters saw the lead-in time as an opportunity for trialling policy instruments, to identify those that would be effective and those that would have unwanted adverse effects (particularly economic effects). Fisher & Paykel Appliances Ltd suggested that a “dry run” that was as long as possible would be beneficial, because it would:

Provide an opportunity to identify and get the bugs out of the system.

Get the message through – particularly to the less energy intensive players where most of the gains are probably to be made – that this is coming and it is for real and it is worth doing something about.

The majority of submitters who opposed early introduction were from the commercial sector. Their opposition stemmed, in the main, from their opinion that an increase in administrative and compliance costs was inevitable whatever policy initiatives were introduced. Macdougall Mining Company Ltd, while it supported non-market policy options such as Negotiated Greenhouse Agreements and discussions through EECA's Business Commitment Programme, was fundamentally opposed to the imposition of a carbon tax and, in relation to early introduction of market-based policy, suggested:

No reasonable Government would impose emission charges such as carbon taxes on its businesses before 2008 because it would damage their international competitiveness for no obvious environmental benefits.

Some submitters made suggestions as to the policy mechanisms that should be introduced first.

- The National Council of Women of New Zealand, for example, suggested that project-based initiatives and levies and rebates could be implemented before the commitment period.
- There was fairly strong support among many submitters for the early introduction of a carbon charge. Industry submitters who supported the early introduction of some policies also indicated their preferences.
- BP Oil New Zealand Ltd supported the introduction of “non-draconian measures” before 2008. The company expressed approval for Negotiated Greenhouse Agreements, but favoured neither the introduction of an emissions trading scheme, nor a carbon tax or charge, unless the revenue from the charge was used to fund climate change-related activities. In its submission, BP Oil questioned whether a tax would, in any event, send the correct price signal to firms and referred to its internal emissions trading scheme, which had been in operation since 200.
- Contact Energy Ltd thought price measures could be implemented before 2008 to avoid the risk that some industry players would not take action.

The overall thrust of the responses was that the majority of submitters did not oppose the introduction of emissions reduction policies before the first commitment period. There was some concern, however, about the nature of the policies to be introduced. While those who advocated that the Protocol be ratified as soon as possible tended to support the introduction of market-based policy measures as soon as possible to enforce the need for changed behaviour, submitters from industry tended to be more cautious. Some market-based policies might be acceptable, but there was a need for further discussion to determine what those might be.

Question 10 — Transition arrangements

The tenor of responses suggested that submitters had applied two related interpretations to this question. A few submitters discussed transition options, either in terms of the timeframe to be followed when implementing emission reduction policies, or in terms of strategies that could be used to increase awareness, both of the need for change, and of the changes that were needed in the period leading up to the first commitment period. The underlying view in those responses was that transition arrangements were needed to allow businesses time to adapt to new policies or to change production methods. These responses tended to talk in

terms of the “softer”, non-market based policy options, such as Negotiated Greenhouse Agreements or education and information.

Other submissions, however, saw transition arrangements as being intended to minimise or off-set the initial impacts of policies, to enable industry to make the transition to the new policy regime once it had been implemented. These transition arrangements were often focused on market-based policy options and often called for some degree of Government intervention.

A number of strategies were identified that would allow businesses to make an easy transition into lower emission production methods. Voluntary methods were emphasised, and there was strong support for Negotiated Greenhouse Agreements in the submissions received from a range of sector interests. Supporters of NGAs pointed out that one advantage of this method of helping businesses move to harder, market-based reduction strategies was that savings made through a voluntary agreement would be of benefit to a company after 2008. NGAs were also seen as a means of providing education and encouraging innovation.

New Vale Coal Co Ltd suggested that Negotiated Greenhouse Agreements would have another, educative purpose, in that it would help officials gain a better understanding of cost-effective measures being undertaken by businesses. Genesis Power Ltd also supported the development of Negotiated Greenhouse Agreements, but considered:

such agreements need to provide certainty and incentives if they are to be effective.

Continuing with the theme of certainty, Genesis considered the importance of certainty about the policy measures that would be used during the first commitment period. Certainty, the submission suggested:

...would provide a stronger and more appropriate signal to investors than any transition arrangement. This certainty should be provided as early as possible.

The need for a carefully planned and monitored transition to market-based policies was raised in a number of submissions. Several submitters urged that the timeframe for achieving emission reduction be made “reasonable”. Submitters, particularly those from the agricultural sector, also emphasised the need for on-going dialogue as part of the policy development process, and suggested that part of this process should be the gathering of further information (by research or through consultation) as well as the dissemination of information.

The submission from Wrightson Ltd suggested there was a need to gather further information through:

... trials, tests and real-world modelling in partnership with agricultural sector.

In addition to the use of NGAs as a means of moving industry to different production methods, a number of businesses (smaller businesses in particular) commended the EECA Business Commitment Programme. Many submitters held the EECA programme up as an example of an effective policy initiative focused on delivering outcomes compatible with change policy initiatives. In this context, several submitters emphasised both the importance of voluntary initiatives, and the need to integrate a range of related strategies, such as NEECS, the Waste Minimisation Strategy, the Land Transport Strategy and Ministry for the Environment’s Principles of Urban Design Project.

A number of submissions referred to the need for flexibility in policy mechanisms. It was pointed out that different policy options would be appropriate for different sectors. Several submitters, for example, identified a need for different transition and policy implementation times for different sectors. Sun Power Photovoltaics suggested there should be:

No transition for electricity sector – Wind power can and should be implemented now. Transport – carbon charge immediately. Agriculture – emissions trading and R&D for improvement in emissions.

Some submitters suggested that financial assistance might be required in some sectors to off-set the negative economic impacts of policies, particularly emissions charges. Agriculture and forestry were identified as two particularly vulnerable sectors:

... the sectors that will be hit hard need transitional help i.e. agriculture, coal. This should be in the form of progressive subsidies for a limited period, say 5 years.

Suggestions of financial assistance were not always advocated for commercial reasons; sometimes it was seen as being needed to off-set the effect of policies on employment and the economic viability of small businesses and individuals.

A number of submissions emphasised the need to ensure that neither a transition period nor climate change policies would provide an incentive for deforestation in the period before 2008 (to avoid the negative effects of pre-1990 forests). Similarly, many submitters asked that care be taken to ensure that indigenous forests and regenerating bush and scrubland were not lost because there was a high level of incentive for new exotic forest planting in order to attract sink credits.

The main thrust of the responses to this question was that submitters supported the need to recognise that different sectors would have different transitional requirements. Many felt that these requirements should be identified in consultation with industry itself, and that this could often be done through the development of Negotiated Greenhouse Agreements or by using existing policy initiatives. While there were some calls for financial assistance and incentives, few comments were recorded that called specifically for subsidies for any industry sector. Submitters did, however, emphasise once again the need for on-going consultation across all the sectors.

The final feedback form sought submitters' comments on a system for managing forest sinks. Submitters were asked to respond to two questions:

- Q. 11 What elements are necessary for a system to manage forest sinks? In particular:
- o What proportion of sink credits should the Government retain? (and why?)
 - o Should participation in a system to receive sink credits be voluntary or mandatory?
 - o Who should sink credits be assigned to (e.g. land owners, forestry rights owners)?
 - o Where should the point of obligation be when there is a responsibility for emissions from forest harvesting?
- Q. 12 Should the Government seek to use the provisions of article 3.4 (additional sink activities) of the Protocol?

Question 11 — Elements of forest sinks

The majority of responses to this question came from interests other than the major forestry interests. Most of the comments came from private submitters, environmental groups, local authorities, and primary production interests, including farm forestry. Many of the larger forestry interests, although they made written submissions within the consultation process, did not always express views directly related to the questions asked in the consultation document.

A strong theme in the submissions from forestry companies such as Carter Holt Harvey Ltd and Fletcher Challenge Forests Ltd, as well as the New Zealand Forest Industries Council, the NZ Forest Owners Association and the NZ Farm Forestry Association was the lack of information about the proposed policies that had been made available prior to consultation. The NZ Farm Forestry Association, for example, expressed acute concern about the implications for forestry arising out of ratification of the Protocol and commented that there appeared to be no interest in carbon trading amongst Association members or investment forestry groups. The submission also, however, reiterated in several places:

The Association will comment further during its ongoing consultation with officials when hopefully Kyoto Protocol issues and implications will become better understood.

In general, forestry interests commented only very generally, if at all, on forest sinks because of this lack of information. Carter Holt Harvey was “disturbed” by what it described as:

...a continuation of the ‘trust us – we know what we are doing’ approach that has resulted in New Zealand signing the Kyoto Protocol in its current form.

The company asked that the government disclosed its domestic policies in advance of making the decision to ratify and that the legislation relating to ratification and the legislative process giving effect to policies should either be reversed or run in parallel. A document discussing the introduction into New Zealand of a scheme similar to the Australian Renewable Energy Certificate (REC) scheme was annexed to the company’s submission.

Fletcher Challenge Forests Ltd prime focus was on maintaining the international competitiveness of New Zealand forestry and in ensuring its own competitiveness in the domestic market was not compromised by implementation policies. As the owner of forests, a large percentage of which would be deemed to be non-Kyoto forests, Fletcher Challenge Forests was concerned about the competitive disadvantage it would be placed at as a result of incurring liability for emission charges for deforestation. The company urged the government to ensure policies created a situation of “domestic competitive neutrality”. Although it was continuing to investigate mechanisms which would achieve this outcome, the company suggested that, as an interim “fall back” position, this might require government assuming responsibility for emission credits and debits rather than discriminating between forests on the basis of their Kyoto status. This would allow the government to take a “whole of forest” approach to the allocation of emission credits and charges, and would obviate the need to impose emission charges upon harvesting where reforestation was not an option. Rayonier New Zealand Ltd was concerned about the retrospective imposition of liability for deforestation on owners of pre-1990 forests, which it described as “iniquitous” and about the “purely fortuitous” advantages that would accrue to owners of post-1990 Kyoto forests.

Like the Farm Forestry Association, New Zealand Forest Industries Council and the NZ Forest Owners Association shared concerns about any proposed regime, and also emphasised that only limited information had, as yet, been made available on which to provide specific comments on the matters raised in the consultation document. Both organisations made general comments which recognised the need to respond to climate change, but opposed early ratification of the Protocol. The submissions from both organisations suggested the Kyoto Protocol:

...will have the effect of penalizing forest growers through retrospective taxes on previous plantings made in good faith.

They emphasised that the “artificial distinction” between pre- and post-1990 forests should either not have been agreed to or an exemption should have been sought similar to Australia’s concession for native deforestation. Both submissions stated they would comment further during on-going discussions with officials. The NZ Forest Owners Association annexed a table of unresolved issues currently under discussion between FIC/FOA and Climate Change officials, and the NZ Forest Industries Council put forward an alternative timetable for ratifying the Protocol.

What proportion of sink credits should the Government retain? And why?

Submitters responding to this question offered a range of views, from which no one clear preference emerged. Responses appeared to be based on the assumption that the Government would be withholding any retained sink credits from a pool that would otherwise be available to the private sector.

The responses suggested that a majority of the respondents tended to favour the Government retaining a limited number of credits, often tied to specific purposes. These purposes include meeting Crown obligations under the Protocol, or using them for special projects (particularly those related to climate change), or to meet the needs of Crown forests and other lands. Several submitters suggested that the Crown should retain sufficient credits to offset emissions for which private sector holdings might not be adequate; pre-1990 forest and agricultural emissions were specified.

Some submitters saw the Government retaining credits as part of its protective role, either as insurance against unforeseen adverse events, or to minimise the possible economic risks of implementing climate change policies. Local authorities tended to support a “disaster relief” role for the Government, with credits being retained and held rather like an insurance policy. Christchurch City Council, for example, thought:

Government should retain a small portion of sink credits, as a backstop measure to cover residual cost of unaccounted-for emissions.

The Waitakere City Council suggested:

The Government should retain sufficient sink credits from Kyoto forests to account for predicted emission levels about 1990 levels. This would ensure against unforeseen events, such as forest loss through disease or fire, and failure of the domestic policy approach for emission reduction.

The Waitakere Branch of the Royal Forest and Bird Protection Society extended the scope of the uses to which credits could be put and suggested:

...it is...desirable that some proportion be held by government to meet their own costs of administration and to cover liabilities which might arise from unexpected damage to Kyoto forests.

The smaller number of submitters who supported the Government retaining all or most of the sink credits saw it as part of an overall government role in the management of the forest sinks system. Submitters saw significant advantages both in the Government exercising control of the forestry sinks system and in retaining all the credits. As well as central control being seen as “simpler”, particularly by submitters from the private sector, and at least while climate change policies were in a development stage, a number of submitters considered that retaining credits would allow the Government to protect industry from any adverse economic outcomes. Shell Petroleum Mining Ltd suggested that retaining Kyoto obligations and credits at national level, in company with other policy initiatives, could ensure:

Kyoto targets could be met and the damage to the economy be minimised.

Other submitters, such as the Canterbury Manufacturers' Association, saw Government retention of credits as being a means of ensuring equitable distribution of credits across all sectors. The Association said:

Government should hold all forest sinks and spread the benefit across the economy.

Juken Nissho Ltd, although it did not support central government control, considered that Government management and retention of all sink credits would ensure equity. The Southland Farm Forestry Association also considered that New Zealand's obligations for greenhouse emissions should be met by the government, "without devolution of costs or benefits to individuals", but recommended that policies should encourage individual accountability for greenhouse emissions.

A number of submitters objected to the Government *retaining* credits, although they did not necessarily object to the Government *holding* credits. One submitter objected to the retention of sink credits as a matter of principle, raising issues of private property, and other submitters suggested that sink credits belonged to land or forest owners and should not be withheld. There appeared to be less concern about the Government's holding sink credits if they had been acquired by purchase.

Several submitters emphasised the need for as many credits as possible to be devolved to the private sector, to ensure that the system contained incentives for change. Landcorp Farming Ltd, for example, although it recommended Government retention of a "minimum proportion of sink credits", pointed out:

The more credits are devolved to the particular sector the more efficiency gains will be generated.

Other submitters were concerned at the potential for Government retention of credits to have a distortionary effect. The New Zealand Game Industry Board, together with other submitters from the deer industry, accepted that full ownership of costs and benefits from forest sink credits would rest with Government if it acted as the point of obligation. Under a system where obligations were devolved to the private sector, however, the Board considered that all credits should also pass to the private sector. The submission said:

A decision by Government to retain a percentage of forest sink credits to cover potential national shortfalls in assigned amount will not allow forest sink owners to fully realise the economic benefit of their forest sinks.

Should participation in a system to receive sink credits be voluntary or mandatory?

Very few respondents specifically answered this question. Those that did came from a range of sectors, particularly interests likely to be involved in small-scale forestry enterprises, including those local government authorities in rural areas. None of the responses came from larger forestry companies.

Most of the respondents indicated they would wish participation to be voluntary, often because they doubted mandatory participation would be "efficient". The point made in most responses was that efficiency of participation depended on the compliance costs in relation to the size of the forest. The Taranaki Regional Council thought:

A mandatory system would penalise owners, particularly small forest owners. High costs of participation would discourage forest planting and impede Council's sustainability goals.

Landcare Research suggested that, depending on the level of costs and the international price for a unit of carbon, the compliance and administrative costs for small forestry blocks could be greater than the benefits provided by emission units. Submissions from the New Zealand Game Industry Board and branches of the New Zealand Deer Farmers Association suggested that, because small forest owners may not be able to meet administration costs, their sink credits could be held in trust by the Government. Charles Etherington, a forest plantation investment promoter not only considered it would be less distortionary for the Government to retain all sink credits, but also suggested participation in receiving sink credits should be voluntary. The New Zealand Farm Forestry Association supported voluntary participation in carbon trading if the government proceeded to ratify the Protocol. The Association suggested that any forest grower forgoing the sale of carbon rights should be relieved of any obligations for carbon emissions at harvest. The government should hold any foregone credits in trust against future changes in land use.

Some respondents suggested the mandatory or voluntary nature of participation would be depend on factors such as the area of the forest, and whether liability for sink removal was dependent on claiming credits.

Tane's Tree Trust, whose interest is in the promotion of indigenous forests, supported retention by Government of a high proportion of credits in the initial stages. The Trust also supported voluntary participation, and suggested:

...leaving the process to work its way through while influenced by market forces should reduce government costs.

Who should sink credits be assigned to (e.g. land owners, forestry rights owners)?

A clear majority of the respondents who addressed these questions identified the "tree owners" as being the appropriate assignees for sink credits. In the submissions, these were referred to variously as 'forest owner' and 'forestry right' owner. At times, submitters sought to be more specific in their views by being less specific in naming the assignee. Ngai Tahu Holdings, for example, identified the appropriate assignee as being:

The legal identity having ownership (and control) if the trees, vegetation and other land improvements should have full ownership and accountability for the carbon residing in the physical assets they own.

The relationship between the assignee and the harvesting of the forest was one criterion adopted by both Christchurch City Council and Environment Canterbury for determining the assignment of sink credits. Christchurch City Council suggested:

Sink credits should be assigned to whoever is responsible for, and has control over, the establishment and harvesting of the forest.

Many of the submitters, however, gave no clear reasons for their recommendations, although it appeared from some responses that submitters considered credits should be assigned to private owners, whether it be landowner or forestry rights owners, and should not be held by the Government. Only one submitter, the Anti-Economists League, an organisation that favoured the Government taking responsibility for the forest sinks management system, suggested:

The government should hold the credits with landowners, forestry rights owners, etc, having access to the knowledge but the government dealing with them in much the same way that it manages tax collection and deductions.

It is possible that other submitters who supported the assignment of credits to forestry rights owners saw them as being the "emitters" who needed credits to off-set emission debits. The

New Zealand Game Industry Board reflected the view of a number of submitters and suggested that forest sink credits should be assigned “to the party responsible for the forest”, pointing out that in most cases this will be the landowner, although under leasing arrangements it would be the tree owner. The submission went on to specify that it was necessary to ensure that:

.. the person deriving an income from the harvest of a forest takes responsibility for the emissions liability associated with the life of the forest.

A minority of the submitters responding to this question identified landowners as being the appropriate assignees of carbon credits. The reasons for this choice varied. Many submitters responding to this and other questions expressed concern that over-commercialisation of carbon trading would lead to early harvesting once a forest lost its value as a carbon sink, to the detriment of the environment. Implementation policies should not offer incentives for over-commercialisation. The long-term nature of the relationship between the landowner and the land rather than the trees was an important factor in the choice of some respondents. The submission from the Queen Charlotte Wilderness Park Community said:

Landowner is best placed to act, plant trees, manage the property to ensure that the carbon offsets are occurring long-term.

Maori respondents also supported the allocation of credits to landowners for a similar reason. The submission from Ngati Porou Whanui Forests Ltd referred to the special relationship between Maori and the land:

Landowners especially in the case of Maori land will retain the obligations and stewardship of long term utilisation of the land.

The submission from the Christchurch Community Law Centre raised the issue of the difficulty of assigning credits to Maori land that was in multiple ownership, but considered that this could be overcome by assigning credits to be held in a trust.

In the agricultural sector, Federated Farmers Otago/North Otago preferred the Government to be solely responsible for carbon charges, but suggested that, if this did not occur, all charges and credits should be imposed at individual level. This would ensure that individual landowners were rewarded for emissions-reducing activity, allowing individuals to make decisions based on sound cost/benefit analysis of emissions liabilities.

The thrust of the responses to this question suggested that, when identifying the appropriate assignee for sink credits, respondents were particularly concerned that incentives should be provided for emissions reduction. Most respondents saw provision for commercial benefit to arise out of emissions activities as an important factor in encouraging behaviour that would reduce emissions:

All forest sink credits should be allocated to those that have earned them.

One submitter, from the private sector, reinforced the notion of environmental benefit being a key criterion for the assignment of sink credits and, at the same time, reflected the concern of a number of submitters over the commercial nature of the emissions trading regime. This submitter said:

No one should receive sink credits unless carrying out an activity purely for environmental incentives, ie Non-profit.

Where should the point of obligation be when there is a responsibility for emissions from forest harvesting?

There was greater uncertainty in the responses to this question. Respondents indicated that the point of obligation should fall on the “party deriving income from harvesting”. Some respondents identified this as being the forestry rights owner, others were less specific, describing this party in broad terms as being “after harvesting” or “those in harvesting, processing chain”, or even “the party responsible for the establishment and harvesting of the forest” and “the emitter”.

While submitters generally accepted that the point of obligation should be linked to economic benefit derived from harvesting, they were less clear as to whether the obligation arose simply through the removal of a carbon sink or as a result of the release of carbon into the atmosphere. Some submitters clearly linked the point of obligation with the party responsible for and deriving direct benefit from harvesting trees. Others, however, appeared to recognise that there should be a possible link to other activities leading to release of carbon. Tane’s Tree Trust, for example, identified the point of obligation as being relatively far along the chain and suggested:

For indigenous forestry, at point of conversion into a semi finished product.

The Christchurch City Council highlighted the difficulties associated with the point of obligation being linked with the use of timber. The submission suggested that carbon costs should be reflected in timber prices, but recognised that different end uses of timber had different implications for carbon release:

Obligation points for emissions from forest harvesting should also lie with the party responsible for the establishment and harvesting of the forest and should attach to the cost of the timber (a difficulty is that using the timber as an energy source releases the carbon, but using it for constructing future antiques locks the carbon up.

A consulting engineer responding from the private sector supported the point of obligation being at the harvesting stage, but recognised that this was not the only point at which carbon emission occurred. He said:

...the problem of downstream use of the forest product remains and will not add to the atmospheric carbon dioxide until eventually destroyed.

The NZ Forest Owners Association expressed “deep concern” at the implication in the Discussion Document that the point of obligation should relate to the felling of trees. In the main body of its submission, the Association said:

... the Discussion Document proposes that all forest growers should be denied recognition of the carbon stored in wood products on harvesting. It is simply wrong to suggest, as the proposals do, that all the carbon stored in a tree is released immediately the tree is harvested. What makes this suggestion even more iniquitous is that in respect to fossil fuel, it is the user of the fuel rather than the producer who meets the cost of releasing the carbon through burning.

In considering where the point of obligation should rest, the overall tenor of the responses suggested that submitters identified two factors as being relevant to determining the point of obligation for forestry emissions. The first was responsibility (measured in terms of commercial benefit gained) for felling trees; the second was responsibility for the release of carbon from the timber. Several of the respondents recognised that carbon might be released at different stages after harvest, raising issues more relevant, perhaps, to the incidence of the financial cost of carbon debits than the point of obligation.

General comments on forest sinks

Responses to these questions covered a range of topics and indicated that some respondents accepted a system of forest sinks, although none expressed strong support. Comments were made either in respect of matters to be covered by the system, such as non-Kyoto or indigenous forests and scrubland, or related to the operation of the forest sinks system.

A number of submissions spoke against the creation of a forest sink system. Taranaki Energy Watch and other environmental organisations, for example, expressed doubts that forest sinks would be effective in reducing GHG emissions. Taranaki Energy Watch referred to increasing evidence that trees may not function very effectively as carbon sinks in the medium term unless there is on-going maintenance of the stock of growing trees. Greenpeace New Zealand said:

Sinks are temporary, and vulnerable to exactly the risks which climate change impacts are bringing. Forests, and agricultural soils, are prone to natural disasters such as storms, droughts and wildfires. All of these are expected to increase in future.

The Government's consultation document persists with the dangerous misperception that sinks will obviate the need to reduce fossil fuel emissions. Whilst tree planting can bring a number of environmental benefits, it is not the solution to climate change.

The submission went on to list a number of reasons for this statement.

Other submitters considered that a forest sink system was contrary to environmental principles. It was suggested that the system would have the effect of “rewarding” or subsidising pine forestry, or of shifting or removing the responsibility for emission reduction. Royal Forest and Bird Protection Society, for example, supported measures to reduce emissions “while at the same time protecting or enhancing greenhouse stores or sinks”, but expressed concerns about the use of forest sinks as an offset against reducing greenhouse gas emissions. The Society also referred to inconsistencies in district council approaches to protecting or enhancing carbon stores, and recommended a national policy statement under the Resource Management Act to deal with the situation.

Several submitters emphasised the need to ensure that any policies put in place should either protect indigenous forests or ensure that no incentives are created that would encourage the planting of exotic forests at the expense of indigenous forests. Landcare Research commented in detail on the Climate Change Working Paper *Land Use and Forests (Sinks) Sector* and made a number of suggestions and comments on the system. The CRI held up its EBEX21 project as an example of an existing system that brings together business and landowners with the aim of restoring indigenous forest to off-set greenhouse gas emissions.

The New Zealand Farm Forestry Association also opposed a forest sink system, but for different reasons. The Association considered a system of credits and debits for forestry emissions would be an unjustified “change of rules for individual forest growers in mid-rotation”.

Submissions from Maori organisations suggested that, in addition to issues shared with other members of the forestry sector, there might be particular interests in relation to forests on Maori-owned land. Tairāwhiti Maori Land Discussion Group was concerned that the system might jeopardise the “economic platform” that was anticipated as having been created by forests planted on Maori land.

In general, although some submitters favoured Government retention of forest credits, this was usually in the context of Government exercising overall responsibility for emissions trading. Most submitters favoured some credits being retained by Government, with the amount held being limited either by purpose or, in some cases, by a defined length of time,

such as the first commitment period. There was concern that Government retention of credits should not have the effect of removing credits from the pool available to sink owners.

Submitters favoured voluntary participation in a forestry sink scheme, largely because of concerns about economies of scale. There was general agreement that credits should be assigned to forestry rights owners, but less agreement among respondents on where the point of obligation should lie.

There was no clear acceptance that a system of forestry sinks would be beneficial, but a number of submitters mentioned that they needed more information on the proposed forests system before they would be in a position to make further comment.

Question 12 — Using the provisions of article 3.4 of the Protocol

Slightly more submitters expressed opposition or caution towards using article 3.4 than supported its use. Some submitters saw advantages in using the provisions of the article:

To increase net sink credits

A number of submitters suggested all opportunities should be used to reduce net greenhouse gas emissions. Some, however, recognised that there might be difficulties in extending the emissions regime at this stage, but suggested article 3.4 could be used at some time in the future. In particular, article 3.4 could be used to increase net sink credits by allowing the inclusion in the sink regime of:

Pre-1990 forests

Many submitters, particularly farmers and the forestry industry, saw article 3.4 as being advantageous if it allowed sink credits to be extended to pre-1990, non-Kyoto forests. Fletcher Challenge Forests, concerned about the competitive disadvantage created by pre-1990 forests in an emissions management regime, commented that the company:

...strongly supported the use of Article 3.4 to provide for sink credits for non-Kyoto forests. This may provide an opportunity to secure domestic competitive neutrality between Kyoto forest owners and non-Kyoto forest owners such as Fletcher Challenge Forest.

Scrubland, regenerating bush and indigenous forests

Other submitters saw the use of article 3.4 as being a way of encouraging and supporting indigenous forests and regenerating scrubland. Maori interests in particular supported the extension of the sink regime to cover as wide a range of forests as possible. The Lake Taupo Forest Trust and the Lake Rotoaira Forest Trust strongly opposed ratification, pointing out that unless article 3.4 is used most of the Maori forests, which are pre-1990 forests, would not receive carbon credits. The submission mentioned that there was support among Maori for scrubland reversion and reverted forests to be eligible for carbon credits. Ngai Tahu Holdings considered the differentiation between types of forests, such as the distinction made between exotic forests and indigenous forests and between managed and unmanaged forests, was arbitrary and irrelevant to the determination of emission levels. Their submission urged that:

The distinction between Kyoto and non-Kyoto forests and the distinction between types of forests should be actively opposed by the New Zealand Government and certainly not ratified.

Landcare Research promoted the extension of the forest sink system to indigenous forests and regenerating scrubland, under the provisions of article 3.3 of the Protocol rather than article 3.4. Landcare saw the ability to attract carbon credits as stimulating beneficial change in land-use practices, particularly in regard to the use of marginal land, by encouraging landowners to value the development of indigenous forests from regenerating bush as a means of attracting credits. Credits, the submission suggested, could be viewed as a “crop” in the same way as other crops are viewed.

Use of article 3.4 may not be a benefit

Three main reasons were put forward for not supporting the use of article 3.4. Firstly, there was some concern the costs of monitoring indigenous forests were likely to outweigh any benefits. Secondly, there were doubts that there would be benefits from any extension of the sinks regime. Greenpeace New Zealand, for example, “strongly recommended”:

New Zealand not use article 3.4 because after 2050 the world’s forests will no longer absorb more carbon dioxide than the emit.

The third reason, put forward by a majority of the submitters, was the lack of information about additional sources of sink activities and the difficulties in measuring the required emissions data. This was the same concern put forward by submitters who cautiously supported the use of article 3.4. The difference appeared to be the degree to which submitters considered that the lack of information and the difficulties in measurement created an unacceptable level of risk, at least in the near future. The New Zealand Game Industry Board summed up the doubts of a number of submitters, both those who indicated support for use of article 3.4 and those who did not, when it said:

As there is insufficient information, issues in compiling the necessary data, and an overall inability at this stage to demonstrate that there could be a net increase in the carbon content of additional sink activities over the commitment period in comparison with 1990, a cautious approach is required to ensure New Zealand is not adversely affected.

The overall theme of all the submissions to this question, whether the submitter expressed support for the use of the article or not, was one of caution. While some submitters saw potential advantages, particularly in relation to pre-1990 and indigenous forests and reverting scrubland, either for environmental reasons or because of the potential for additional credits, most urged caution and suggested that there was a need for further investigation and research before a decision was made.

Additional Comments

Submitters were invited to add any further comments to their submission. Submissions made by email were more likely to add additional comments, because the email format clearly designated a response space where these could be added. A few submitters using the feedback forms from the consultation document also included additional information with their submissions. The additional comments tended to fall into broad categories of topics that the submitter had not necessarily included in their responses to the questions. These included:

- Concerns that the consultation process had been too rushed. Comments often referred to the need for further information on proposed policy options. A number of submitters questioned the timeframe and order of the ratification process, suggesting policies should be developed and assessed and legislation finalised before consultation. A number of submitters expressed concern that the decision had already been made. There were

very few criticisms of the way in which the consultation had been conducted. A number of submissions mentioned the need for further or ongoing consultation.

- The need to integrate policies across sectors was also mentioned by a number of submitters, as was the need to clearly define the link between emissions policies and the Resource Management Act.
- The need for certainty for business was raised in four submissions from the business sector.
- A number of submitters from community and environmental groups, and from Maori representatives, emphasised the need at community level for increased education and for more information on climate change and on ways of reducing emissions.
- Several submitters made suggestions as to other policies that should be followed instead of, or as well as, policies to implement the Kyoto Protocol.
- Some submitters attached discussion papers on topics in which they had a special interest or knowledge.

Section Three: Quantitative survey – Summary of Key Findings

Introduction

As well as the nationwide public consultation meetings and the written submissions, the Climate Change Project Team engaged UMR Research Ltd to carry out a public survey to gauge public views on climate change and ratification of the Kyoto Protocol.

The section headed “Summary of Key Findings” is taken directly from their report.

Methodology

The following summary, based on the outcome of a telephone survey of a nationally representative sample of 750 New Zealanders, eighteen years of age and over, was conducted by UMR Research Limited from its national interview facility in Auckland from 19th to 20th January 2002.

The margin of error for the research is plus or minus 3.6%.

Summary Of Key Findings

The Importance of the Issue

Respondents were asked to rate the importance of climate change as an environmental issue.

- Climate Change (mostly referred to as global warming) emerged on the second line of spontaneously identified major environmental problems facing the world today.
It was well below general nomination of pollution.
Also coming through on a similar level were the ozone layer and deforestation.
- On a prompted basis, 63% of New Zealanders surveyed considered that global warming and Climate Change was a ‘very important’ problem and 28% that it was ‘fairly important’.

Only 7% considered that it was ‘not that important’ or ‘not important at all’.
- There were no dramatic differences in the perceptions of the level of importance of global warming and Climate Change amongst demographic categories.

Women were more likely to rate global warming and Climate Change as a very important problem than males, the middle age cohorts (30 to 59 year olds) more than under 30 year olds, 60 years plus and New Zealanders on lower and middle incomes more than those on high incomes. Maori were more likely to rate global warming and Climate Change as a very important problem than non-Maori. There was not a great deal of difference in the rating of the importance of global warming and Climate Change as a problem amongst those aware and those not aware of the Kyoto Protocol. Amongst those who declared they were aware of the Protocol, 61% rated it as a ‘very important’ problem and 27% as ‘fairly important’. Amongst those who were not aware of the Protocol, 67% rated it as ‘very important’ and 28% as ‘fairly important’.

Sources of Emissions

Respondents were asked what industries they thought emitted the most greenhouse gases:

- New Zealanders mostly nominated manufacturing and industry as the major sources of greenhouse gas emissions. This was followed well back by agriculture. The only other significant sources of emissions nominated were motor vehicles and transport generally.

Awareness of the Kyoto Protocol

Respondents were asked whether they had heard of the Kyoto Protocol.

- There was 54% declared awareness of the Kyoto Protocol. This is the highest awareness level recorded in four UMR surveys carried out over a twelve month period and was up from a low of 39% recorded in the first survey in March last year. Declared awareness of the Protocol was higher amongst males, the 45 to 59 years age group and New Zealanders on higher incomes. It was lower amongst females, under 30 year olds and New Zealanders on lower incomes.

Support for Ratification

Respondents were provided with a brief outline of the Kyoto Protocol which stated that it 'requires New Zealand to reduce its emission of greenhouse gases back to 1990 levels between 2008 and 2012'. They were then asked whether they supported or opposed the Government signing the Protocol or whether they needed to find out more about the issue before making up their minds.

- 47% declared that New Zealand should sign the Protocol in September, 6% that it should not, 42% that they needed to find out more with 5% unsure.

This was similar to the numbers recorded in a survey undertaken in December 2001 survey when 49% declared that New Zealand should sign up to the Protocol, 7% that it should not, 41% that they needed to find out more with 3% unsure.

In the latest survey respondents who declared they needed to find out more were then asked "Even though you are not that sure, from what you know now would you support or oppose the Government signing New Zealand up to the Protocol?" 57% of this group were in favour of signing the Protocol, 14% opposed, 18% declared they still needed to find out more and 11% were unsure.

Across the whole survey sample, adding in the 'leaners', 71% favoured the Government signing up for the Protocol, 12% were opposed, 7% needed to find out more and 10% were unsure.

- On the first ask (prior to the 'leaner' question) there was again not a great deal of difference amongst demographic categories. Differences tended to be more between the levels of support and needing to find out more rather than higher levels of opposition.

The only categories where 10% or more declared that that the Government should not sign the Protocol were males and New Zealanders earning over \$50,000 per year. The higher income groups were also more in favour of signing the Protocol. Wellingtonians and New Zealanders on higher incomes were the least likely to nominate that they needed to find out more.

Amongst those aware of the Protocol, 54% were in favour of the Government signing, 10% opposed and 32% needed to find out more. Amongst those who were not aware of the Protocol, 38% favoured the Government signing, 1% were opposed and 56% needed to find out more.

- The major reasons given for supporting the Government signing New Zealand up for the Protocol were that it was the right thing to do and that a start needed to be made, that it was necessary to reduce emissions and that a global approach was needed to tackle the problem. This was followed by support for signing as a case of New Zealand leading by example, a view that signing would be good for both New Zealand's image and our environment and a general wish to 'protect the planet'.
- Amongst the small number opposed to the Government signing New Zealand up for the Protocol, the major reasons given were that there was a lack of information and the Government was acting too soon, potential impact on the dairy industry, the perceived cost and cynicism about global warming.

A number of other reasons given for opposing the Government signing New Zealand up to the Protocol were centred on the perceived ineffectiveness of the Protocol.

Payment of Costs

- Given a choice, a majority of New Zealanders thought that the costs of putting in place policies to reduce New Zealand's greenhouse gas emissions should be shared between the Government and those responsible. 59% plumped for that option, 30% for the cost being paid entirely by those responsible for the greenhouse gas emissions and 6% for all costs being paid by the Government. 5% volunteered conditional answers or were unsure.

Appendix One — List of speakers at Climate Change Summits

Wellington

Cath Wallace	Environment and Conservation Organisations
Gillian Blythe	Meridian Energy
Tord Kjellstrom	Department of Community Health, University of Auckland
Chris Baker	Greenhouse Policy Coalition
Peter Whitehouse	Business NZ
Jane Dawson	Cycling Advocates Network
Neil Barton	Federated Farmers
Alistair Wilson	NZ Wind Energy Association
Peter Griffiths	BP Oil
Jim Gray	Tiroa e Te Hape B Trusts
Bryan Lynch	Meat Industry Association
Allan Frazer	Meat New Zealand
Chris Webster	Geo-Demo Group
David Hunt	Contact Energy
Robert Bishop	Rocky Mountain Institute
David Eyre	Automobile Association
John Hutchings	Local Government NZ
David McArthur	Member of the Public (from the floor)

Christchurch

Allan Frazer	Meat New Zealand
Geoff Henderson	Windflow Technology Ltd
Ken McAnergney	Rau Murihiku Whenua Maori
Susan Krumdieck	University of Canterbury
Don Elder	Solid Energy
Diana Shand	Environment Canterbury (Councillor)
Mike Eberlin	Milburn New Zealand Limited
Prof Arthur Williamson	Thermocell Ltd
Blair Anderson	Mild Greens
Brian Gargiulo	Vegfed
John Veix	Solar Electric Specialists
Edwin Jansen	Ngai Tahu Holdings Corporation
Ian Turney	Landcare Research

John Gould Christian World Service (from the floor)
Doug Kidd Member of Parliament (from the floor)

Auckland

Cyril Benjamin BHP NZ Steel
Robert Kirkpatrick Methanex Ltd
Guy Salmon Ecological Foundation
Lindsey Roke Fisher & Paykel Appliances Ltd
Alan Davey The New Zealand Refining Company Ltd
Wendy Drew Wrightson Ltd
Mark Binns Fletcher Building (Concrete and Construction Group)
Garry Law Environmental Defence Society
Bevis England Telework New Zealand
Alisdair Thompson Employers & Manufacturers Association (Northern)
John Pask Federated Farmers
Tony Friedlander Road Transport Forum
Chris Willis Waste Management NZ Ltd
Craig McIlroy Watercare Services
P Witehira & E Bydder Power Beat International Ltd
Gwen Bull Auckland Regional Council (Councillor)
Peter Read Climate change researcher (from the floor)
Mimi Johnson Member of the Public (from the floor)
Tim Bell New Zealand Geothermal Association (from the floor)
Shirley Robinson Cancer Society (from the floor)

Appendix Two — Individual summaries of Climate Change Summits

Summary of the Climate Change Summit, Wellington 29 November 2001

Representation

Representatives from environmental groups, the energy sector, health sector, farming community, meat industry, Maori, local government and recreational sectors attended and spoke at the summit.

Views on ratification and timing of ratification

Cath Wallace, representing environment and conservation organisations, and those representing public recreational activities, such as Jane Dawson of Cycling Advocates Network, supported ratification as soon as possible.

Industry and agricultural groups, such as the Meat Industry Association, generally accepted ratification in principle. The main concern was the timing of ratification. Industry groups, particularly meat exporters, considered that imposing costs might result in a competitive disadvantage. Ratification as such should not occur ahead of New Zealand's major trading partners.

Lack of information on costs and benefits of ratification was another issue. The Greenhouse Policy Coalition, Business NZ and Meat NZ considered the detailed policy work should be completed and impacts assessed before ratification proceeds.

Consultation process

Concern was expressed about the consultation process. Points of criticism included that it was too hasty, costs and economic impacts were not fully understood, consultation was not broad enough and focused too heavily on big business, Maori had not been adequately consulted, role of local government was not recognised appropriately in consultation documents.

Peter Whitehouse (Business NZ) considered that the consultation had been inappropriately rushed. He thought the costs and economic impacts were not understood and that many smaller enterprises were not engaged in the process – the emphasis had been too much on large companies.

National interest analysis

Several speakers said that the negative effects of climate change had not been accounted for satisfactorily.

Cath Wallace considered that the negative effects/costs of climate change on the environment from pests and invasive species movement, for example, had not been fully costed into the analysis. Only market economics were included in the implications – non-market effects and implications were also relevant in reaching decisions.

Tord Kjellstrom (Department of Community Health, University of Auckland) was of a similar view. He said that health effects and costs resulting from climate change were not factored into the economic impacts of ratifying. Health effects from climate change might be related to changes in weather, air pollution, increases in water-, food- and rodent-borne diseases, food and water shortage, and population displacement. The costs of the effects on health included early mortality, hospital and other health-care costs, reduced productivity, air conditioning costs, and more.

Chris Baker (Greenhouse Policy Coalition) quoted the NZIER report, which indicated an 18% fall in GDP over 15 years as a result of Kyoto Protocol initiatives. Business speakers

generally thought costs and benefits were still too uncertain to ratify. In particular, any reduction in competitiveness resulting from increased costs of complying with new regulations was a concern. The costs and benefits needed further analysis as part of the National Interest Assessment.

Important criteria for judging policy options

Cath Wallace considered environmental integrity to be the key criterion in assessing policy options and optimal policy mix, and competitiveness as a criterion for special pleading.

Business groups, such as Meridian Energy, Federated Farmers and the Meat Industry Association, favoured economic efficiency (i.e. practical, low-cost and flexible policy options) as a means of judging the preferred policy options.

Preferred policy mix

The general view was that both Government and business should manage emissions.

Price/market policies were supported by some business groups, as they allowed least-cost solutions to be pursued and could reward positive action.

Others considered that policies should target polluters directly. This would provide incentives for those making decisions to change behaviour.

In relation to tradable permits, Cath Wallace noted that tradable schemes had not worked in the past. She pointed out that there were many issues around set up and allocation, and possibly issues such as air taonga that would be of concern to Maori. These did not arise with carbon charges.

Neil Barton (Federated Farmers) and Allan Frazer (Meat NZ) argued that the agricultural sector should be excluded because of the difficulty of calculating agricultural emissions and international competitiveness issues.

Voluntary energy efficiency measures (such as measuring and publishing CO₂ outputs; participation in pilot emissions schemes; switching to low emission fossil fuels) are currently being undertaken by large companies (e.g. BP Oil, the meat industry). Business considers voluntary action to be effective.

Bryan Lynch (Meat Industry Association) noted that total energy costs fell 18% in the meat sector between 1990-2000 through voluntary actions, though production was up 23%. He commented that tax-related regimes were alarming as they siphoned off income that could be put into new production and employment.

Timing issues

There were mixed views on the ideal timing for introducing any new policy measures. Some (Meridian Energy, NZ Wind Energy Association, Automobile Association) said measures should be introduced before the start of the 2008-2012 commitment period to encourage individuals and firms to change behaviour as soon as possible and provide certainty for business planning and investment.

Others (Federated Farmers) considered that measures should be delayed for as long as possible to minimise costs.

Summary of the Climate Change Summit, Christchurch, 4 December 2001

Representation

Representatives from environmental groups, local government, the energy sector, technology sector, academia, the horticultural sector, meat industry and Maori spoke at the summit.

Views on ratification and timing of ratification

Business groups did not support ratification ahead of trading partners. International competitiveness, carbon leakage and lack of information on specific policies were the key concerns.

Don Elder (CEO Solid Energy) concluded that the proposals could distort the economy for very little international improvement in emissions. Predicted declines in production in New Zealand would be offset by increased production elsewhere in the world with little environmental gain.

Edwin Jansen (Nga Tahu Holdings Corporation), while supporting the sustainable management of the environment, did not support ratification. Corporation considered that ratification provided the Government with a simple but ineffectual means of discharging their obligations.

Allan Frazer (Meat NZ) recognised that an international approach was needed, but could not agree with the proposed policies, which would materially affect the industry's ability to compete internationally.

Diana Shand (Environment Canterbury) supported the initiatives, given the severe impacts of slight changes in climate on the Canterbury region. Increases in CO₂ emissions in the Canterbury region were largely from transport.

Consultation process

Concern was expressed about the timetable for ratification. Policy options should be developed further and costs assessed before the decision to ratify is taken. Ratifying without outlining policy is not a rational approach. More time was needed for consultation, sector-by-sector analysis, assessment of the impacts and development of appropriate solutions.

Ken McAnergney (Rau Murihiku Whenua) noted that they had few resources to deal with these complex issues and pointed out implications for forestry holdings. Support was needed to facilitate professional participation in the policy development process.

National interest analysis

Edwin Jansen (Nga Tahu Holdings) said that ratification was likely to distort the international competitiveness of New Zealand's primary and industrial sectors.

Don Elder (Solid Energy) noted that the economic analysis indicated different outcomes at a macro level. All indicated a decline in sector levels. In agriculture, for example, production could decline by 20-30% with only dubious benefits to the environment, particularly if production picked up offshore.

Mike Erberlin (Milburn Cement New Zealand), speaking on behalf of the cement industry, noted that increased costs could not be passed on in this sector because of import substitution. Increased costs would lead to carbon leakage as there was excess cement production capacity offshore. He provided statistics on the effects on the cement business.

Brian Garguilo (Vegefed) indicated that taxes on the vegetable growing-sector would encourage growers to leave the industry. For glasshouse growers in particular, CO₂ is an input to production. Increased costs would be detrimental.

Important criteria for judging policy options

Business stressed the need for a “level playing field” with international competitors. Equity with international competitors and between domestic sectors was an important criterion for judging policy choices. Policies designed to manage the carbon balance should not distort or introduce inequalities into competitive markets. In the cement industry, for example, offshore production will occur at relatively low levels of carbon tax.

Preferred policy mix

Policy options suggested at the summit included:

- Voluntary agreements and Negotiated Greenhouse Agreements (feasible if reductions were commercially viable).
- More money needed to be spent on new technologies. In the longer term there would also be benefits from overseas investments in technology (for example, clean coal technology from zero emissions research in the US).
- Incentives were needed to switch from fossil fuels to renewable energy sources.
- More education programmes on the effect of climate change and the availability of renewable energy sources was needed.

Mike Erberlin (Milburn Cement) favoured NGAs and project-based initiatives with reduction targets that were commercially viable. Policy needed to be agreed and stable so that industry could make long-term investment decisions. He also noted that carbon trading was probably a lower-cost option than a fixed price tax. He considered parity between NZ producers and competitors desirable, possibly through some form of rebate scheme.

Ngai Tahu Holdings made detailed comments on carbon accounting. It was noted that carbon trading was dependent on the achievement of full carbon accounting across industry sectors at the legal entity level. Without this policy, trading carbon was flawed. Accountability for one's carbon balance had to be at the legal entity level.

Ian Turney (Landcare Research) saw opportunities for the recognition of marginal shrubland as substantial indigenous forest sinks. This concept had yet to be addressed at a policy level.

The division of responsibility between the private sector and government was not specifically discussed. Alan Frazer (Meat NZ) was of the view that the Government should take responsibility for the first commitment period. This would be the fairest approach until competitors had signed up; all New Zealanders would share in any costs.

Summary of the Climate Change Summit, 12 December 2001, Auckland

Representation

Representatives from the manufacturing, energy, agricultural, transport and technology sectors, environmental groups, the building industry, employers' and manufacturers' associations, and the water and waste care industry spoke at the summit.

Views on ratification and timing of ratification

Business representatives (such as Alisdair Thompson of the Employers' and Manufacturers' Association and John Pask of Federated Farmers) did not support ratification. They considered that New Zealand should be a follower, not a leader, and not ratify ahead of other major countries. The main reason was that New Zealand's contribution to world emissions and emissions savings are minimal, but there could be major economic costs to New Zealand. Alisdair Thompson said the protocol simply created trade barriers in favour of manufactured imports and export of manufacturing investment.

Mark Binns (Fletcher Challenge Building (Concrete and Construction Group)) considered that the Government's main reasons for ratification were flawed, because:

- New Zealand could participate in international action without ratification; and
- the claim that the costs are manageable was erroneous as the price of carbon units was yet to be set.

Opposition to ratification also resulted from:

- uncertainty on specific implementation policies (and thus the potential costs of compliance); and
- rejection of the scientific basis on which the international protocol was based.

Environmental groups considered that New Zealand should ratify to maintain its "clean green" image. Guy Salmon (Ecological Foundation) said the effects on competitiveness need to be considered, though studies should take into account the impacts on New Zealand as a whole and not focus on individual sectors.

Garry Law (Environmental Defence Society) noted that the timing of ratification for New Zealand was irrelevant, as the protocol would not come into force without larger industrial nations (Japan and Russia). However, whether or not the protocol was in force, New Zealand can still strive, like Australia, to meet targets.

Wendy Drew (Wrightson Ltd) stated that the company supported the general position on the Kyoto Protocol and thought the Government should "just get on with it". Bevis England (Telework New Zealand) also supported ratification.

Chris Willis (Waste Management NZ Ltd) supported the principles of the Protocol and believed that much of the opposition to it arose from uncertainty regarding specific implementation policies.

Consultation process

Concern was expressed about the timetable for ratification. Policy options should be developed further and costs assessed before the decision to ratify was taken. Ratifying without outlining policy was not a rational approach – there was still too much uncertainty as to the policy options to assess accurately the benefits and costs to New Zealand of changes. The Employers' and Manufacturers' Association, NZ Refining Co Ltd, Wrightsons, Federated Farmers and the Road Transport Forum expressed this view. Other speakers recognised the need for a managed transition.

National interest analysis

Economic impacts were high on the list of business concerns. Possible effects noted were overall economic slowdown, increased energy prices, more difficulty in attracting investment, risk of import substitution, carbon leakage, loss of international competitiveness, the creation of trade barriers favouring manufactured imports, and the export of manufacturing investment.

It was considered that loss of competitiveness could not be fully evaluated until there had been confirmation of the mechanisms by which commitments would be achieved.

Guy Salmon (Ecological Foundation) said the effects on competitiveness needed to be considered, though studies should take into account the impacts on New Zealand as a whole (including the move towards a knowledge-based economy and the importance of the "clean green" brand).

Important criteria for judging policy options

Business representatives, such as Robert Kirkpatrick (Methanex Limited), considered that retaining international competitiveness should be the main policy objective. Cost-effective improvements in energy efficiency were preferred to regulations that could increase costs to

New Zealand's detriment, as many of our competitors were not Annex 1 countries. Domestic policy had to avoid cost increases and the risk of import substitution.

Preferred policy mix

The preference was for shared government and private sector responsibility. Where possible, the responsibility for reductions should be devolved to emitters in proportion to their emissions.

Garry Law (Environmental Defence Society) favoured a mix of price- or market-based incentives together with non-price limitations on emissions and reduction initiatives. Guy Salmon (Ecological Foundation) said that responsibility for reductions in emission should be devolved to emitters in proportion to their emissions.

Waste Management NZ noted that incentives were necessary to encourage the growth in renewable energy sources. The cost of installing energy-efficient alternatives was often a barrier to change. It favoured project-based initiatives and renewable energy targets. Craig McIlroy (Watercare Services) supported introduction of best practice to ensure reduced emissions – this would need to be supported by agreed standards on carbon accounting, audited annual carbon accounting balance sheets, industry guidelines to identify best practice for emission reduction, and reporting against best practice.

Many large organisations (including NZ Steel, Methanex Ltd, Waste Management Limited and Watercare Services) undertake voluntary energy efficiency measures and actively measure emissions. Voluntary reduction is an alternative means of responding to environmental risks while containing costs and competitiveness.

Timing issues in introduction of policy changes

It was recognised that businesses would need time to adapt and modify to meet targets. Early certainty on policy approaches is essential to enable business planning to proceed.

There was widespread support for further evaluation of policy options and costs before the decision to ratify is confirmed.

Specific issues and comments

Cyril Benjamin (BHP Steel) noted that NZ Steel was among the first signatories of voluntary agreements in September 1995 and had spent \$120 million to reduce the need to import electricity. The company worked assiduously on improving energy efficiency. There were few other ways to cut CO₂ emissions while maintaining output.

Craig McIlroy (Watercare Services) noted that greenhouse gas initiatives were already under way, including oxidation pond decommissioning, hydro generators, methane use for energy generation and tree planting on buffer land.

Bevis England (Telework New Zealand) said that working from home was a good option, with a telecommuting pilot in the US showing net energy savings. It has been predicted that if 10% of New Zealand's commuters teleworked, this would meet Kyoto obligations.

Mimi Johnson, a member of the public, was concerned with the narrow content of business presentations and the focus on effects on individual businesses. Little thought had been given to the long-term effects and costs of climate change on the world.

Appendix Three — List of submitters

557 Submissions were received and are listed below. Duplicates submissions were assigned numbers but have not been listed.

Sub No.	Name	Sub No.	Name
1	Not assigned	33	W S & I M Campbell
2	Not assigned	34	Clive Gill
3	J & P Blair	35	Allan Ronald
4	M & G Wilson	36	Richard Burdon
5	Jock Webster	37	Graham White
6	Barbara Groundwater	38	F J Weatherburn
7	Bernadette Bolger	39	B W & L M Miller
8	J R Hill	40	A McTainish
9	Sam Leask	41	Margaret Christie
10	J R Beattie	42	P A McFamee
11	Ewen Dunnage	43	A MacKintosh
12	I D Evans	44	Grant Bradfield
13	N J & R I Lindsay	45	S G Rutherford
14	D H Carter	46	R Hurst
15	B A & N McNaughton	47	RuddenKlan Partnership
16	Ron Elder	48	Buller Conservation Group
17	T W Buckingham	49	S L & V L Hubber
18	A Hubber	50	Ken Buckingham
19	S J Mouat	51	Athol Speder
20	N A & E M Fox	52	Monica Hutchinson
21	Shaun Brankin	53	Ian J Chamberlain
22	George McMeeken	54	Fiona Hopper
23	Ray Fox	55	H A McConnochie
24	Geoffrey L Thomson	56	G R Bennett
25	R R & A J Horrell	57	Rob Johnstone
26	Owen Johnston	58	C S Ryan
27	Neil Morrison	59	John Galloway
28	D & D Sangster	60	H C Gardner
29	Don Fraser	61	W H & A K Webber
30	J M Kane	62	Peter Borrie
31	Barry Shepherd	63	G McLeod
32	Phill Hunt	64	Graham O Johnston

65	R J Gimbert
66	L S & H M Halford
67	David Easton
68	J C Sutton
69	Bruce McNab
70	William J Davis
71	M O'Co.nnor
72	Barry Lee
73	Jim Lawson
74	N M & J R Pearce
75	J Cullen
76	Jorgen L Hansen
77	J Hamilton
78	N J Vickers
79	A C & O A MacPherson
80	E R Bacon
81	Royden Brown
82	P S Ponsonby
83	Gary Sanders
84	S & R Manson
85	E J Robertson
86	D J Inder
87	W A Speight
88	P & C Morris
89	J A Gow
90	A & J DeWolde
91	E J Conlan
92	G & J H Whyte
93	O R Penno
94	K & G Dore
95	B M & J B Hamilton
96	Michelle Young
97	Henry V Keast
98	John Pannett
99	Roger Slee
100	W F Howell
101	W McLachlan

102	Anthea McEwan
103	James Pinckney
104	M W Mathieson
105	R & G Munro
106	J P Hunt
107	K Paterson
108	Phillip Martin
109	Paula W Elled
110	C T & V J McGregor
111	A D & C A Wood
112	G E & LJ Sharp
113	I P & G M King
114	Wayne Rodgers
115	G H & A G Gunther
116	B Kempthorne
117	M & M Parks
118	M A Beer and Sons
119	Neil Jackson
120	Brent Jamieson
121	Tony Glassford
122	G & G Buckingham
123	Eloise Neeley
124	S Kontewey
125	L J Muir and Son
126	Colin Kane
127	S D & L J McKercher
128	Jason Clark
129	D W Clark
130	N L Hewett
131	A R Lindsay
132	L C Moffat
133	R & C Rutherford
134	J W & JA Penno
135	S & J Dealane
136	Don McLean
137	Keith Robinson
138	Mr George Nichols

139	J Hamilton
140	Jim Veint
141	Grant Brodfield
142	Mike Watson
143	A W J Greer
144	D James Andrew
145	Derek J Wilson
146	Graeme Isbister
147	New Zealand Farm Forestry Assn
148	P G Reid
149	Ross Milmine
150	Cren Collins
151	L T Henderson
152	Mikki Buckland
153	W G Garside
154	M E & M L Cameron
155	W M Duncan
156	Hugh Collie
157	Donald Young
158	Tony Anderson
159	Mae Millan
160	K F & W M Kinney
161	Katrina Crowder
162	Colin Dew
163	J & M Horrell
164	D & G Stringer
165	Alan Minty
166	Kevin Prime
167	Gordon Ward
168	Martin Griffiths
169	S L Holehouse
170	Mrs D E Bland
171	Te Runanga O Otakou
172	Ngahere Sawmilling Co. Ltd
173	Waitakere City Council
174	Auckland Regional Council

175	John Murray Coal
176	John Adams
177	Timaru District Council
179	Enviromental Defence Society
181	Mr Garry Law
182	Martin Spencer & Associates Ltd
183	Franz G Iseke
186	Rob Harpur
187	Jack Henderson
188	Newstar Minerals Ltd
189	South Port NZ Ltd
191	Skellerup Industries Ltd
192	GeoSphere
193	Middle Ridge Forest Co.
195	W Nelson
196	Matamata Piako District Council
197	J Watson
198	Kevin Rolfe & Associates Ltd
199	David Buckleigh
200	R J Martin
201	Ernest Poole
202	David Rodger
203	C Blair Lowery
204	J & C Davis
205	Scientific Marine
206	Piers Maclaren & Associates
207	YMCA Christchurch
208	Aileen J Wood
209	Hamish Trolove
210	M & L Griffiths
211	Dr Ian J Nield
212	P M Wallis
213	Kara Lipski
214	Citizens Environmental Advocacy Centre Inc.
215	Ms Sherry Phipps
216	NZ Contractors Federation

217	Green & McCahill Holdings	257	B & B J Cowdrey
218	Edward Chambers	258	L Morgan
219	Otaki Cold Storage Ltd	259	Burwood Flower World Ltd
220	G D Pitman	260	Christine Grove
221	Paul Broady	261	Murray Adams
222	Brian Simms	262	Thoms & Ethne Hill
223	R D Kean	263	Lake Taupo Forest Trust & Lake Rotoaira Forest Trust
224	Paul Teutenberg	264	BTW Associates Ltd
225	Warren Forestry Ltd	265	Wairau Stone Rotorua
226	Janie Kake Tana	266	Mizer Mobile Sawmills Ltd
227	Knud-Allan Knudsen	267	Lindsay Brown
228	Plastics New Zealand	268	Nga Ture Kaitiaki ki Waikato Community Law Centre
229	Eva Naylor	269	John Storey
230	Aluminium Systems (NZ) Ltd	270	Wellington Regional Chamber of Commerce
231	P J & L J E Hanna	271	Save The Otago Peninsula (STOP) Inc. Soc.
232	West Coast Regional Council	272	J A & A M Renshaw
233	Supreme Trees	273	B T Bulloch
234	Bruce H. Smith	274	George C Morrison
235	Canterbury Manufacturers' Assn	276	Bruce Lietze
236	Methanex New Zealand Ltd	277	PJ Chruickshank
237	Dr Ray Hudd	278	Steven Jasper
238	Jeremy Jones	279	Gavin Lawrence
239	W N Tucker	280	PJ Karam
240	NZ Tariff & Fuel Consultants	281	NZ Game Industry Board
242	Geraldine Federated Farmers	282	Michael Dymond
243	Pacific Reef Savers	283	CEAC Inc.
245	Dr David Wardle	285	Presbyterian Church of Aotearoa New Zealand
246	Daniel Collins	286	NZ Shipping Federation
247	Ken Nichol	287	Federated Farmers Mid Canterbury Province
249	Norlyn Equipment Construction	288	Cerebos Greggs Ltd
250	T L & S.L Taylor	289	S Axtens
251	David Leslie	290	Taranaki Chamber of Commerce
252	Grant Ryan	291	Murray Bichan
254	Alex Macrae		
255	Euan McKnight		
256	Petroleum Exploration Assn of New Zealand		

292	Kai Point Coal Co. Ltd	327	West Coast Regional Council
293	Quaker Spiritual Ecology Group	328	Gisborne District Council
294	Zi Ping Koh	329	Sun Power Photovoltaics
295	R L Dibble	330	Mrs Lyn Robins
296	C A & J A Cathcart	331	John Stevens
297	Cecil Gilchrist	332	Silver Fern Shipping Ltd
298	Bryan David Walkinton	333	Tane's Tree Trust
299	David Reeves	336	Ray & Betty Weeber
300	Rotorua Taupo Federated Farmers	337	NZ Law Society
301	Ms June Marie Orr	338	Nelson City Council
302	B A & A M Bergs	339	Watercare Services Ltd
303	A L S & R R McKenzie	340	Degussa Peroxide Ltd
304	A B & I L & P B Wright	343	Road Transport Forum NZ
305	J A & N M Martelli	344	Meridian Energy
306	Shell Petroleum Mining Co. Ltd	345	Yellow eyed Penguin Trust
307	A Lloyd Beech	346	Southland Farm Forestry Assn
308	Confidential	347	Dairy InSight New Zealand
309	Murray Erskine	348	Negawatt Resources Ltd
310	Royal Forest & Bird Protection Society of New Zealand	349	Employees & Manufacturers Assn (Northern) Inc..
311	W.J Maunder Consulting Ltd	350	Tiroa E, Te Hape B Trusts
312	Vincent Gray	351	New Zealand Geothermal Assn Inc.
313	Southland Branch of the New Zealand Deer Farmers Assn	353	Balance Agri-Nutrients Ltd
314	Merv Rusk	354	Sigrid Shayer
315	Business NZ	355	Contact Energy Ltd
316	Otago Regional Council	356	Coastal Conway Landcare Group
317	The New Zealand Futures Trust	357	Ann Graeme
318	New Zealand Farm Forestry Assn	358	Meg Graeme
319	Waimakariri District Council	359	Baynton & MacDonald Brown Partnership
321	Juken Nissho Ltd	360	Taranaki Regional Council
323	Natural Gas Corporation	361	Peter Read Consultancy Ltd
325	Manunui No 14 th Residue Trust, Manunui 2 Trust, and Motukawa Farm Trust	363	A H Stuart Bridgman
326	Manaaki Whenua Landcare Research	364	LandCorp Farming Ltd
		365	A A & K F Israel
		366	M C & A E Ward

367	Christchurch City Council	403	Citizens for Truth about Climate Change
368	Brian Deans	404	J & M Cusdin
370	National Council of Women of New Zealand	406	NZ Window Industry
372	Environment Canterbury	407	Motor Industry Assn
373	Peter Johnson	408	BHP New Zealand Steel Ltd
374	Federated Farmers, Cromwell Branch	409	Fisher & Paykel Appliances Ltd
375	D Lyn Murray	410	Solid Energy New Zealand Ltd
376	Wellington Rainforest Action Group	411	WEL Networks Ltd
377	George Jones	412	NZ Institute for Crop and Food Research Ltd
378	Paul Harris	413	Windflow Technology Ltd
380	Hauraki Maori Trust Board	414	NZ Wood Panels Manufacturers' Assn
381	NZ Large Herds Assn	415	Hamilton City Council (staff opinions)
382	Duke Energy International (Asia Pacific)	416	Forest Research
383	Tasman District Council	417	Bay of Plenty Regional Council
384	Federated Farmers Otago/North Otago	418	Dunedin City Council
385	Dr Tord Kjellstrom	419	Gisborne Environment Centre
386	Gas Assn of New Zealand (Inc.)	420	Mighty River Power
387	Anne Mohrdieck	421	Motoring Policy Division, NZ Automobile Assn
388	Nick Pyle	422	Heinz Wattie's Australasia Ltd
389	Mauri Protection Agency	423	Alliance Women's Network
390	Bike Nelson Bays	424	New Vale Coal Co. Ltd
391	Franklin District Council	425	Dunedin Environment Centre
392	J W Harris	426	Jolyon Manning
393	Robbie Morrison	427	Andrew Jackson
394	Ngati Porou Whanui Forests Ltd	428	Elizabeth Lee
395	Transpower NZ Ltd	429	Samsara Ltd
396	SAMAG Ltd	430	New Zealand Business Council for Sustainable Development
397	Conn Eadie McInture	431	Christchurch Community Law Centre
398	Scott A McFadden	432	Cement & Concrete Assn of New Zealand
399	Jamie McFadden	433	Fonterra Co-operative Group
400	Wrightson Ltd	434	Queen Charlotte Wilderness Park Community
401	Northland Regional Council		
402	I & V Woodrow on behalf of Concerned Citizens		

435	Rotorua District Council
436	Patrick Dale
437	Pacific Institute of Resource Management
438	Institution of Professional Engineers New Zealand
439	Milburn New Zealand Ltd
440	Nelson Environment Centre
441	Kapiti District Council
442	Telecom
443	G. L. Bowron & Co. Ltd
444	Greenhouse Policy Coalition
445	Infosmart
446	Federated Farmers of NZ (Inc.)
447	NZ Business Roundtable
448	Alliance Group Ltd
449	Tatua Co-operative Dairy Company Ltd
450	Waste Management NZ Ltd
451	Nathan Balasingham Indigo Ltd
452	Tall Tree Company
453	The Marketplace Company Ltd
454	Greenpeace New Zealand
456	W R Storey
457	Otago Conservation Board
458	G J Upritchard
459	NZ Wind Energy Assn Inc.
460	Leiner Davis Gelatin New Zealand Ltd
462	Bruce Stuart-Menteath
463	Jane West
464	Diana Bradley
465	Te Runanga O Whaingaroa
466	Tuck Farming
467	Enviro Waste Ltd
468	Warren Stace
469	Alan Poletti
470	Te Ohu Kai Moana

471	Noeline Gannaway
472	M & S Dibley
473	Clutha Agricultural Development Board
474	V Chadwick
475	Comalco NZ Ltd
476	National Organisations for Fruit & Vegetable Growers
477	William Thomas Cooney
478	Lynley Claridge
479	Pacifica Shipping 1985 Ltd
480	BP Oil NZ Ltd
481	Barbara E Sanders
482	Macdougall Mining Company
483	Genesis Power Ltd
484	Fletcher Challenge Forests Ltd
485	Alan J Henderson
486	NZ Council of Trade Unions
487	General Cable NZ
489	V C Albon
492	Andreas Dentam
493	B & R O'Brien
494	Tourism Industry Assn NZ
495	S C McLellan
496	J & M Brennan
497	B M. B. Harris
498	V Jean Soper
499	Rhonda Riddle
500	Wellington Regional Council
501	Building Research Assn of NZ
502	Oliver Hoffman
503	NZ Sugar Co. Ltd
504	Kenroll Industrial Coal
506	W Michael Elliot
507	Karl Baker
508	Jennifer Baker
509	Ngai Tahu Holdings Corporation Ltd

510	Anti Economist League
511	Waikato Dairy Farmers of NZ
512	Interlock Group
513	Stephen Henry Goldthorpe
514	Northland Branch NZ Deer Farmers Assn
515	Local Government NZ
516	Taranaki Energy Watch
518	New Zealand Forest Industries Council/ NZ Farm Forestry Assn
519	NZ Forest Owners Assn
520	Manukau City Council
521	NZ Federation of Business & Professional Women Inc..
522	Isabella Anderson
523	New Zealand Seafood Industry Council
524	New Zealand Deer Farmers Assn (Hawkes Bay branch)
526	P L Duncan-Taylor
527	Vehicle Airconditioning Specialists Assn of Australasia, NZ Branch
528	Te Runanga Ati Awa ki Whakarongotai o Waikanae
529	Stan Swan, Massey University (Wellington)
530	Energy Federation of NZ (Inc.)
531	John Aspinall
532	Coal Association of New Zealand
533	Mobil Oil New Zealand Ltd
534	B & A Simmonds
535	Doug Wilson
536	Norske Skog Tasman Ltd
537	A G Bueht
538	Ian Bywater
539	Greenchill Technology Association Inc.
540	Rayonier New Zealand Ltd
541	Ralph Penning

542	R & M Barber
543	New Zealand Pork Industry Board
544	LPG Assn of New Zealand
545	Tony & Joanna Carr
546	New Zealand Photovoltaic Assn
547	Sir John H Ingram
548	Dr Ian J Nield
549	Westland Milk Products
550	H Dixon
551	Colin H Harvey
552	William E Carter
553	Poultry Industry Assn of New Zealand (Inc.)
554	Richard Robertson, Consulting Generation Analyst
555	Sue & Richard Cotton
556	Hastings/Havelock North Branch; Royal Forest & Bird Protection Society
557	Carter Holt Harvey
558	Airform International Ltd
559	Fletcher Building Ltd
560	P F Olsen & Company Ltd
561	C Newman
562	Auckland Region Chief Executive Officers' Forum
563	John Carrad
564	North Shore City Council
565	NZ Aquaculture Council Inc.
566	F R & J E Brown Holdings Ltd
567	Manawatu-Wanganui Regional Council
568	Ashburton District Council
569	Cycling Advocates Network
570	Bruce Martelli
571	The Royal Society of New Zealand
572	John Crawford

573	A J Sanders
574	Andy Orchard
575	David Smith
576	Ian Ruddenklau
577	Liz Earth
578	Opepe Farm Trust
579	Cottonwod Farms
580	Tairawhiti Maori Land Discussion Group
581	Mr Cliff Mason
582	Rockgas and Origin Energy Ltd

583	Walk Wellington
584	Shipherd Nurseries
585	New Creek Mining
586	WWF New Zealand
587	Royal Forest & Bird Protection Society Head Office
588	Electricity Networks Assn
589	Matene Nepia
590	The New Zealand Refining Company Ltd
591	Environmental and Conservation Organisations of New Zealand