

## Climate Change: Māori and Treaty of Waitangi Issues

The Government has undertaken considerable consultation on climate change issues, including consultation in late-2001 to find out the views of Māori. It has now agreed a preferred policy package, and is undertaking further consultation so it can understand how the proposed policies might affect Māori. Final decisions will not be made until this consultation is completed.

In developing its preferred policies, the Government has taken into account the concerns Māori raised last year during consultation. These included:

- possible charges for livestock emissions from agriculture
- deforestation liabilities (potentially restricting Māori land use options)
- ownership of sink credits
- the distinction between Kyoto forests (planted after 1990) and non-Kyoto forests (planted before 1990), leading to distortions in land and forest values and flow-on effects on land use, especially important for Māori lessees
- compliance costs of accounting for forest carbon
- the effects of emissions charges on primary processing industries
- the effects of emissions charges on Māori business and household costs.

The Government's policy package responds to these concerns in the following ways:

### **Agriculture**

The proposed policy package recommends that no charge be attached to emissions of methane and nitrous oxide. Instead, the agricultural sector will be expected to make contributions to a sustained research effort to find practical and economic ways to reduce greenhouse gas emissions. This directly addresses the concerns raised by Māori that such charges would affect their ability to generate reasonable returns from their land.

The package also provides for primary processors who meet the criteria for being Competitiveness-at-risk<sup>1</sup> to have access to Negotiated Greenhouse Agreements<sup>2</sup> with the Government. This helps to address a concern expressed by some Māori that imposing emissions charges might affect the viability of primary processing in New Zealand.

### **Forestry**

The Government proposes that the Crown retains forest sink credits and any associated liabilities for emissions (which might arise through deforestation, harvesting, fire or disease) for at least the first commitment period of the Kyoto Protocol, 2008 – 2012.

The Government's coverage of deforestation liabilities will be capped to allow deforestation and conversion to alternative land uses at the rate that has occurred historically.

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<sup>1</sup> The Competitiveness-at-risk group is made up of sectors of the economy and particular industries that would find it difficult to adjust if they were expected to face a cost on carbon emissions in the first commitment period of the Kyoto Protocol, 2008-2012.

<sup>2</sup> Negotiated Greenhouse Agreements are agreements between the Government and Competitiveness-at-risk firms or sectors to reduce greenhouse gas emissions in return for partial or full exemption from any emissions charge. The agreed emissions path would be consistent with each firm's individual circumstances and would be designed to achieve international best practice in managing their emissions per unit of production.

The Government proposes to assign funds to provide incentives for establishing and enhancing forest sinks, including permanent (non-harvest) forests. This may help Māori landowners to make better economic use of their land. This mechanism is likely to be targeted at land that was not forest (including dense scrub) in 1990.

With the Government retaining forest sinks and emission liabilities, landowners will face few if any compliance costs and no liabilities for future harvesting. It would also minimise distortions between land that qualifies for Kyoto forests and land that does not.

The Government also proposes that, in principle, New Zealand will not account for the management of forests established before 1990, including both older plantation and indigenous forests. This means these forests would not generate sink credits but, equally, will not create liabilities for carbon loss.

### Price measures

Concerns about the impact of any price measure on the energy costs of Māori businesses and households will be addressed through:

- **Revenue recycling:** Increases in energy costs for firms and households would most likely be alleviated through energy efficiency programmes offered by the Energy Efficiency and Conservation Authority and project-based incentives for energy efficiency measures or other means, for example through the tax system.<sup>3</sup>
- **Negotiated Greenhouse Agreements (NGAs):** Businesses that are particularly energy intensive and could be deemed to have their competitiveness at risk will be eligible for Negotiated Greenhouse Agreements.

### Suggested Issues for Feedback

- Do any of the proposed policies have a disproportionate impact on Māori, and if so, what solutions might be available to resolve such problems?
- What mechanism should be used to fund research into reducing agricultural emissions? Who should own the research and how should it be implemented?
- What mechanisms should be used to incentivise production and permanent forest sinks? What implications does this have for Māori?
- What are the implications of the Government's decision to retain forest sink credits and liabilities?
- What are the implications of the decision in principle not to account for the management of forests established before 1990, including both older plantation and indigenous forests?
- What issues are there for Māori in recycling revenue, generated by an emissions charge or emissions trading, back into the economy?

This summary is drawn from *Climate Change: The Government's Preferred Policy Package, A Discussion Document, April 2002*, available at [www.climatechange.govt.nz](http://www.climatechange.govt.nz). See pp 26 – 29 of the document for a full Working Paper on Māori and Treaty of Waitangi issues.

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<sup>3</sup> The Government will provide incentives for projects that will deliver defined reductions in greenhouse gas emissions, in any sector of the economy. To qualify for an incentive, projects must be additional to business-as-usual.