



### Treaty of Waitangi

The government considered the perspectives of Māori during the hui and in submissions on the climate change and energy discussion documents in the context of the Treaty of Waitangi. The government's current view is that there is no pre-existing property or Treaty right to emission units. Rather, the enactment of domestic legislation for a New Zealand Emissions Trading Scheme will create an interest and define the parameters of any interest.

### Treaty settlements

The government has also received submissions from claimants that have settled their historical claims with the Crown. The submissions raised concerns that an emissions trading scheme must not impact on settled claims or outstanding historical claims to be settled that relate to land use. The government's current view is that existing settlements are full and final (unless they have statutory exemptions), and settlements do not preclude the government from developing policy or legislation to respond to new challenges such as climate change. The upcoming engagement with Māori will help inform understanding and analysis of any Treaty issues.

### The role of emissions trading

By reducing greenhouse gas emissions – the main contributor to climate change – we can help reduce the impact of climate change. Helping the environment is not new to many Māori. The concept of kaitiakitanga has been applied by Māori for generations, towards achieving a balance of sustainable management and use of natural resources. Land and water management practices based on an understanding of environmental systems have historically supported Māori efforts to maintain and sustain their families and communities. The proposed New Zealand emissions trading scheme will help reduce emissions.

The emissions trading scheme is likely to present opportunities for Māori, but will also impose costs. These opportunities and costs will be spread across Māori, recognising the mix of Māori interests across economic sectors. The emissions trading scheme is designed with equity in mind, with all economic sectors to be included in the scheme by 2013.

For an individual, emissions trading will mean an increase in the cost of some products, such as petrol and electricity. The government is looking at ways to help households, businesses and industry sectors with the transition process. For example, the government will put in place programmes to reduce the financial impact of higher electricity prices on low- and modest-income households, while ensuring incentives for efficient energy use remain.

The government is conducting an economic and socioeconomic analysis of the potential costs and benefits to Māori of the options for emissions trading, and the opportunities provided by the emissions trading scheme. The analysis will include the impacts of price increases caused by the scheme, and the ability of Māori to participate in emissions trading scheme initiatives. The government is also resourcing a Māori Reference Group to assist in the development of this analysis.

### The Sustainable Land Management Plan of Action

The government intends that its broad Sustainable Land Management and Climate Change Plan of Action will be developed in partnership with Māori. This will include the emissions trading scheme as it applies to forestry and agriculture.



### Forestry

The emissions trading scheme presents opportunities for Māori in the forestry sector.

In the first commitment period of the Kyoto Protocol (2008–2012), the government proposes to allocate 21 million emission units to owners of pre-1990 exotic forests on a pro-rata basis. 'Pro-rata' means that owners will receive an allocation of emission units proportional to their hectares. Allocating on a pro-rata basis responds to one of the main issues raised by Māori during previous consultation – fair access to emission units.

The government is seeking feedback on whether to include pre-1990 indigenous forests in the emissions trading scheme (with a level of free allocation).

For some Māori landowners who sustainably manage their forests and may never wish to deforest, including indigenous forests may provide a one-off financial gain. If, in the future, the land was deforested, the landowners would face liabilities associated with deforestation.

Māori who are owners of post-1989 forests can also choose to receive emission units (and associated liabilities) for carbon stored by these forests. This includes existing forests established through the East Coast Forestry Project.

The Permanent Forest Sink Initiative also offers Māori the opportunity to earn emission units. In this case, the units assigned would be international Kyoto units (assigned amount units – AAUs) rather than New Zealand Units (NZUs).

The Afforestation Grant Scheme will also provide opportunities for Māori through a government cash grant for planting new forests on previously unforested land. For Māori landowners who do not wish to afforest land themselves, the scheme may attract new forest investors. A scheme grantee (whether the landowner or forestry right holder) would own the new forest and income from the timber. The Crown would retain the emission units for the forest and meet any harvesting and deforestation liabilities associated with those emission units.

Landowners cannot enter both the Afforestation Grant Scheme and the emissions trading scheme – it has to be one or the other. The Afforestation Grant Scheme is likely to be more relevant for smaller forest owners who are not interested in trading, as the costs of participating are likely to be lower than for the emissions trading scheme.

### Agriculture

The government has decided in principle to bring all agricultural emissions into the emissions trading scheme on 1 January 2013. Including agriculture in the scheme from 2013, means that farmers will need to start taking the cost of emissions into account in their business and production decisions.

For Māori, balancing the need to invest in economic opportunities with the need to address environmental sustainability is an important issue. For example, converting forested land to pastoral uses such as dairying has the potential to negatively affect the health of waterways and lakes through increased nutrient run-off from fertilisers, but could increase profitability.

Under the emissions trading scheme the government has indicated a preference to place the point of obligation for agricultural greenhouse gases on fertiliser companies, dairy companies and meat processing companies. Agricultural greenhouse gases include nitrous oxide from synthetic fertiliser use and nitrous oxide and methane from livestock. These are potent greenhouse gases and account for 49 per cent of New Zealand's total greenhouse gas emissions. Options for the 'point of obligation' could include farmers, but this would be potentially complex and difficult to administer.



In the agricultural sector, one option is for the government to allocate emission units directly to farmers on the basis of historic emissions. The main advantage of this option is that farmers would gain the benefits of the free emission units to offset lost profits and rising land prices. Allocating emission units to farmers would be challenging as there is a range of ownership structures to consider. Also, agricultural land use changes frequently, meaning that allocations of emission units based on a single year, for example, could fall out of alignment with land use over time. Issues associated with new farmers and competition would also need to be covered.

