Submissions form

We seek your feedback on the specific proposals in the Zero Carbon Bill.

Either email this submission to ZCB.Submissions@mfe.govt.nz (Microsoft Word document (2003 or later) or PDF) or post to Ministry for the Environment, PO Box 10362, Wellington, 6143.

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Personal / organisation details

*You must provide either a company name or given name(s)*

Company name  Oji Fibre Solutions

Given names  Murray

Surname  Parrish

...
Our Climate Your Say: Consultation On The Zero Carbon Bill.
This is a submission on behalf of Oji Fibre Solutions. (OjiFS).

Yours sincerely

Murray Parrish
Regulatory Manager

2050 target
1. What process should the Government use to set a new emissions reduction target in legislation?
   Pick one:
   the Government sets a goal to reach net zero emissions by the second half of the century, and the Climate Change Commission advises on the specific target for the Government to set later

The issues are complicated. There can be confusing technical matters - on methane for example- our 2030 NDC includes methane; our gazetted 2050 target also includes methane. How do the proposed options impact these existing targets? What is the likely international consensus on treating methane? And, if methane is treated differently from 2050 onwards does it mean ‘we’ no longer need to account for agriculture for future NDCs or does it mean the agriculture transformation becomes n “offset”?

We agree parliament should set targets but there seems to be a case to require sound independent advice before committing to the details of a legislated target.
2. If the Government sets a 2050 target now, which is the best target for New Zealand?

Pick one:

- **net zero emissions:** Net zero emissions across all greenhouse gases by 2050.

See our comments above. We are not convinced of the need for separate treatment of agricultural methane as “short-lived” gas requiring only ‘stabilisation’ (Option 2) rather than reduction for reasons including that:

- NZ’s 2030 NDC includes methane.
- Forestry and in particular afforestation is adversely affected by selective regulation of GHG emissions from different land uses. The favoured treatment of ruminant methane exacerbates selective regulation of other of the adverse effects of agricultural land use, and a transfer of that value into the capitalised value of land. The result is differential land values with adverse implications for alternative land uses including forestry.
- Option 2 presupposes that the established international consensus with respect accounting rules will change. We do not yet appear to be certain the rules will treat ‘short lived gases’ differently.

Even if the rules were to change, there is no reason to ‘grandparent’ ruminant methane emissions to an existing or any other emitter. The least cost global warming mitigation may still be to reduce methane emissions. Grand-parented pollution rights discourage innovation and investment in emissions reduction. They translate into the capital value of properties deemed to have such ‘existing’ rights and serve as a competitive advantage against a ‘new entrant’

Successive Governments have determined that the imperative of climate change justifies requiring all those able to make practicable reductions in emissions to do so. This logic is as compelling for methane as it is for any other GHG.

3. How should New Zealand meet its targets?

Pick one:

- **domestic emissions reductions only (including from new forest planting)**

The Emissions Trading Scheme (ETS) has been promulgated from the outset on the basis of an international market for carbon offsets. The presumption has been that international agreement should allow NZ (and any other country) to benefit from the least-cost emissions mitigation option available globally.

NZ should be cautious about any policy settings that would drive billions of dollars of investment in competitor countries’ low carbon economies while making limited if any.
contribution to total global emissions. The ultimate aim is a low carbon economy – we believe a balance of policies is needed to encourage the right investments into NZ’s economic transformation.

4. Should the Zero Carbon Bill allow the 2050 target to be revised if circumstances change?  
Pick one:  
☐ yes  
We prefer certainty of a legislative target made with political consensus but it may be necessary to change in unforeseen circumstances.

Emissions budgets

5. The Government proposes that three emissions budgets of five years each (ie, covering the next 15 years) be in place at any given time. Do you agree with this proposal?  
Pick one:  
☐ yes.  

Budgets based on political consensus are more important than faux certainty from a locked-in budget setting process. We suspect the latter could cause volatility whenever government feels the need to correct settings made by predecessors.

The DD is not fully clear on the implications of emissions budget settings and the interrelationship with the ETS and international commitments. It appears five year budgets will be needed to ensure we are not making poor decisions, causing perverse outcomes or ensuring we manage ‘lumpy’ changes in the economy and emissions. A fifteen year draft signals seems reasonable. However, because we do not know the full implications of these budget settings for carbon markets etc we do not have a strong view.

Moreover, if NZ can set 15 year budgets why not have at least draft emissions budgets right through to 2050?. Otherwise there is little evidence to support the claim that New Zealand will reach net zero by 2050. There has been a lot of work on the specific options available for New Zealand to reduce its gross emissions by Globe-NZ (Vivid Economics) and the Royal Society of New Zealand, for example. This work extends to 2050.

The DD makes clear the Government’s presumption that afforestation will remain a cornerstone of NZ’s climate change strategy with an additional 1million or more new hectares being postulated. The sequestration provided by new land planting will extend right through to 2050. It makes sense that the contribution of the emitting sectors to the net zero target should be at least modelled through to 2050.

The wood generated from an increase in the national forest estate is likely a cornerstone requirement for the transition of the NZ economy away from fossil fuels. Paper
packaging, solid and reengineered building products and wood-based biofuels are obvious substitutes to existing emissions-intensive alternatives. The existence of investment in local wood processing capacity, particularly long term investments, assists with afforestation where it serves to reduce the risk to those investing in afforestation by representing a market for the resulting wood fibre at harvest.

OjiFS is supportive of the positive recognition in the DD of the role of afforestation and the broader role of the forest industry in the low-emissions economy of the future. Investments in afforestation generate returns over periods measured in decades rather than years. The investment uncertainty associated with emissions budgeting periods of 5 years will do little to encourage, and could undermine, afforestation investment. Lack of investment in afforestation will in turn impede investment in the processing of low embodied-emissions products from wood. ..

6. Should the Government be able to alter the last emissions budget (ie, furthest into the future)?

Pick one:

☐ yes, Government has the capacity to review any aspect of NZ policy including on climate change.

As far as practicable, there should be maximum opportunity for political consensus in budget setting. However, the Government of the day will always retain the right to make any change demanded by changing and unforeseen circumstances.

7. Should the Government have the ability to review and adjust the second emissions budget within a specific range under exceptional circumstances?

Pick one:

☐ Yes

As for Question 6

8. Do you agree with the considerations we propose that the Government and the Climate Change Commission take into account when advising on and setting budgets?

Pick one:

The DD is not clear on specific Climate Change Commission (CCC) roles in setting carbon budgets. However OjiFS supports the broad roles recommended by the DD.

The DD suggests a CCC would “help people hold Governments to account”. The Productivity Commission has recently reported independently on transitions required for
the NZ economy in the face of NZ’s international climate change commitments and could form part of that review of current independent and expert authorities. An independent and expert CCC could be structured to fill any gaps in current capacity for independent and expert advice.

Government response

9. Should the Zero Carbon Bill require Governments to set out plans within a certain timeframe to achieve the emissions budgets?

Pick one:

☐ yes

The greatest certainty with respect to emissions budgets will come from the adoption of a multi-party policy on climate change.

10. What are the most important issues for the Government to consider in setting plans to meet budgets? For example, who do we need to work with, what else needs to be considered?

An effective climate change policy is one that accounts for the significant economic and social costs of achieving zero net emissions. Advice and management is required to ensure the costs and other changes are kept within socially acceptable limits. It is essential that advice from NZ’s economic and social agencies is sought and heeded and that any final policy reflect more than a scientific and ecological understanding of the impacts of climate change.

Climate Change Commission

11. The Government has proposed that the Climate Change Commission advises on and monitors New Zealand’s progress towards its goals. Do you agree with these functions?

Pick one:

☐ yes

OijFS would support a multiparty commitment to an agreed policy on climate change is a prerequisite for that policy to be effective.

12. What role do you think the Climate Change Commission should have in relation to the New Zealand Emissions Trading Scheme (NZ ETS)?
Pick one:

☐ advising the Government on policy settings in the NZ ETS

A stated purpose for the proposed CCC is to “.....provide on-going, independent expert advice to the Government....” To the extent that that purpose is achieved we would support the mandate of the CCC extending to providing advice on the efficacy and policy settings of the ETS.

13. The Government has proposed that Climate Change Commissioners need to have a range of essential and desirable expertise. Do you agree with the proposed expertise?

Pick one:

☐ yes

A stated purpose for the proposed CCC is to “.....provide on-going, independent expert advice to the Government....” To the extent that that purpose is to be achieved we would support the Climate Change Commissioners having the “.....range of essential and desirable expertise” appropriate to its mandated task(s). We recommend particular provision is made for forestry sector expertise, recognising the acknowledged role of afforestation in meeting NZ’s emissions reduction target and of wood and paper products as strong contributors to NZ’s ‘emissions constrained’ economy of the future.

### Adapting to the impacts of climate change

14. Do you think the Zero Carbon Bill should cover adapting to climate change?

Pick one:

Yes

An effective climate change policy should take advantage of all cost effective means of achieving NZ’s reduction target including the opportunity arising from greater use of recyclable and biodegradable paper and paper packaging. On this basis we suggest it is essential that climate policy including the Zero Carbon Bill cover NZ’s adaptation strategy.

15. The Government has proposed a number of new functions to help us adapt to climate change. Do you agree with the proposed functions?

Pick one:

OjiFS support the proposed National Adaptation Plan focus on providing advice relevant to the known and predictable risks of climate change and on ways and means of cost
16. Should we explore setting up a targeted adaptation reporting power that could see some organisations share information on their exposure to climate change risks?

Pick one:

☐ yes

OjiFS is concerned “....a targeted adaptation reporting power....” could distract from providing practical advice on optimal adaptation.