

Submission on the Zero Carbon Bill

Comments on 'A New 2050 Target'

See next page for answers to the questions raised on page 35 of the discussion document.

I support the introduction of a new 2050 emissions reductions target. The most recent targets, which included reducing emissions to 50 percent below 1990 levels by 2050, were lamentably insufficient. Our Nationally Determined Contribution (NDC) target, a 30 percent reduction of emissions from 2005 levels by 2030, is similarly weak. While there is all the difference in the world between setting a goal and reaching it, a new emissions reduction target would spur Government, businesses and citizens to reduce emissions with the necessary amount of urgency.

Such a target may be an inconvenient for governments in the next thirty-two years who do not wish to take such climate action as is necessary, so efforts should be taken to protect the target from the executive's whim. At the very least, it should be included in an Act of Parliament, and if possible, entrenched, so that a supermajority of MPs would be needed to amend or terminate the Act. For the same reason, the criteria for amending the target should be written as narrowly as possible. Events such as the global financial crisis or the Christchurch earthquakes should not be reasons for failing to meet the original target; only events of the magnitude of a world war or a major change in our understanding of the climate science should meet the threshold.

The discussion document notes that the three key factors that should be considered when considering a new 2050 emission reduction target are (1.) the Paris Agreement, (2.) the science of different greenhouse gases and (3.) the economic outcomes for New Zealand. I do not believe these criteria are appropriate. New Zealand's ethical obligations, our national security, and the current state of climate science are all necessary factors to consider. The inordinate weighting given to the science of different greenhouse gases appears to preempt a decision in favour of treating different gases differently. Further, it is unclear why only the *economic* outcomes for New Zealand would be relevant: if the level at which the 2050 emissions reduction target is set would influence New Zealand's society or natural environment, this would be a relevant consideration *per se*, even if it were not to influence our economy. I therefore ask that you reconsider your decision-making criteria.

Three options are proposed for the new emissions reduction target. Although many other options exist, it is appropriate that the public are consulted on these three, for each are ambitious but not reckless, and there are significant differences between them.

I do not find the modelling done by NZIER and Vivid to be particularly useful. As the discussion document states, model outputs differ more significantly depending on the assumptions made about how industries innovate than they do as a result of changing our emissions reductions target. In addition, the NZIER model largely considers only the costs of climate action, and even then, on gross domestic product, not on living standards. There is also a very high amount of uncertainty in these models. Much can change in thirty-two years, and much depends on how other countries respond to the need to reduce greenhouse gas emissions.

Ultimately, if New Zealand is to play its part in keeping global warming below two degrees Celsius, then our emission-intensive industries will have to change very substantially, whether or not they are trade-exposed. This will take technical and political leadership, and hence my advice later on that the climate change commission should have a function greater than merely advising the government, and a focus wider than merely central government. Setting an ambitious target that we will stick to is the easiest step in this process.

But to answer the questions raised:

What process should the Government use to set a new emissions reduction target in legislation? The Government should set a 2050 target in legislation now. The Climate Change Commission should focus on actions that can be taken, rather than wasting time coming up with a target. This would all ensure that the target is agreed by Parliament, and that it is mandated by legislation, making it somewhat harder for a Government to change.

If the Government sets a 2050 target now, which is the best target for New Zealand? Net zero long-lived gases and stabilised short-lived gases. However, there should be a significant reduction in methane emissions; I cannot advise to which level methane emissions should be reduced, only that it must be low enough to send a clear message to New Zealand's agricultural industry that radical changes must be made, even if technological innovations to reduce methane emissions are not forthcoming.

How should New Zealand meet its targets? Domestic emissions reductions (including from new forest planting) and using some emissions reductions from overseas (international carbon units) that have strong environmental safeguards. Given that greenhouse gas emissions from any country have the same effect as emissions from any other country, I see no principled reason why New Zealand should not meet its targets with international carbon units (ICUs) provided that very strong environmental safeguards are met. New Zealand should only purchase ICUs that have been determined by an independent international organisation (or similar) to meet stringent environmental and ethical standards.

Should the Zero Carbon Bill allow the target to be revised if circumstances change?

Only in the event of a major change in our understanding of the climate science or a catastrophic event that affects the whole country. Events such as the global financial crisis or Christchurch earthquakes should not justify changes to the target.

Emissions budgets

The Government proposes that three emissions budgets of five years each (i.e. covering the next 15 years) be in place at any given time. Do you agree with this proposal?

Yes. However, should New Zealand move to a four or five-year parliamentary term, it would be ideal if the emissions budgets aligned with this. However, this proposal is not feasible at the moment: a three-year emissions budget would create unnecessary administrative costs, and whether or not it was met would be unduly influenced by factors outside of the control of the Government of the day.

Should the Government be able to alter the last emissions budget (i.e. the budget furthest into the future)?

Yes, each incoming Government should have the option to review the third budget in the sequence. Given that Governments would therefore be making decisions about the nation's emissions some ten years into the future, this should still give businesses and citizens sufficient certainty.

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

Yes and no. Some flexibility in exceptional circumstances is necessary, but good decision-making on long-term issues in such instances is often compromised. Only the Climate Change Commission should be able to authorise the Government to review and adjust the second emissions budget within a specific range under exceptional circumstances (although, in effect, a majority of Parliament is likely to also have this power as well).

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?

The list of factors that have been proposed to be taken into account have some merit. See table below for my thoughts on specific elements of the criteria:

<i>Scientific knowledge about climate change, including current evidence as to how to reduce greenhouse gas emissions in a just and effective manner</i>	I support this consideration
<i>Technology relevant to climate change, and its availability to New Zealanders</i>	I support this consideration
<i>Economic circumstances and, in particular, the impact of the decision on the economy and the competitiveness of particular sectors of the economy</i>	I support this consideration

<i>Fiscal circumstances and, in particular, the impact of the decision on taxation, public spending and public borrowing</i>	I support this consideration
<i>Social circumstances, and in particular, the likely impact of the decision on fuel poverty and inequality</i>	I support this consideration
<i>Energy policy, and in particular, the likely impact of the decision on energy supplies and the carbon and energy intensity of the economy</i>	I <u>do not</u> support this consideration. It is not clear why these matters should be mandated for consideration, and I note that 'carbon and energy intensity' is of little importance compared to net GHG emissions and overall wellbeing
+ <i>The Government's obligations under the Treaty of Waitangi</i>	I support this factor being considered, also.
+ <i>The likely impacts of the decision on particular regions of New Zealand</i>	I support this factor being considered, also.

Should the Zero Carbon Bill require Governments to set out plans within a certain timeframe to achieve the emissions budgets? Yes. As to what these plans should include, I support the proposals outlined on page 39 of the discussion document. The timeframe should not be greater than five years, and the onus for producing the plan should primarily lie on the Government of the day, unless the budget is released in an election year.

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? Just as it is important for the Government to speak to representatives of a variety of sectors, New Zealand's regions should be involved as well. Local government must be consulted and efforts must be made to ensure that any plans have a fair geographical impact.

Climate Change Commission

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 proposed functions? I broadly support these functions, but the Commission would be more effective if it were to have broader responsibilities. For instance, the Commission could be tasked with advising local government as well as central government, and it could have the power to (of its own initiative) submit detailed policy designs to the Government for approval. In other words, I support giving the Commission a more active role than merely advising the government, perhaps akin to the Commerce Commission.

What role do you think the Climate Change Commission could have in relation to the New Zealand Emissions Trading Scheme (NZ ETS)? The Commission should make

decisions about the number of units in the ETS itself, for this is ultimately a technical decision best left to those with some expertise in the area. It also avoids the risk of governments attempting to surreptitiously meddle with the scheme.

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?

Yes.

Adapting to Climate Change

Do you think the Zero Carbon Bill should cover adapting to climate change? No, I think that the question of adaptation should get the attention it deserves separately from the Zero Carbon Act process. Adaptation is primarily a concern of local governments, but central government should require and partially resource local governments to respond appropriately (subject to the findings of an initial stock-take – discussed below).

The Government has proposed a number of new functions to help us adapt to climate change. Do you agree with the proposed functions? I concur that an initial assessment of the risks and the work already completed in this area is necessary, and I support any functions that would allow such a stock-take to be completed. Beyond that, it would depend on the findings of the initial assessment; I am wary about laying plans in this area without doing the necessary research first.

Should we explore setting up a targeted adaptation reporting power that could see some organisations share information on their exposure to climate change risks? I would not support a reporting regime solely for climate change (as the benefits are unlikely to outweigh the administrative burden), but some form of risk reporting would be valuable. Perhaps this work could tie in with the system stewardship work that is presently being led by Treasury?