

Submission to the New Zealand Emissions Trading Scheme Review 2015/16.

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I submit the following:

1.) That the ambit of the discussion document is too narrow and aimed solely at the business, forestry, and EITE sectors. This excludes the concerns of a significant swathe of New Zealand's population, which I find insulting. The suggestion that only submissions focused on the document's questions will be considered is another attempt at stifling constructive public participation and debate, which is surely a disgrace in a country such as ours which purports to be democratically run.

2.) I **unconditionally oppose** the exemption of agriculture from the ETS review.

Reason:

Exempting agriculture from the ETS is effectively subsidising agriculture at New Zealand taxpayers' expense. Agriculture already receives favourable tax treatment for, among other things, breaking in new land, so exemption from the ETS would be on top of that, which is intolerable and unfair to New Zealanders outside of the agricultural sector.

Public subsidies to agriculture are a form of expropriation of public wealth by agriculture.

Profitable, sustainable agricultural practices to reduce, for example, methane emissions, through pasture modification, and to sequester carbon in soils, which has the potential to massively reduce atmospheric CO2 levels, already exist, and research continues to refine those practices. References via the following links:

A.) [../Carbon%20emissions/Building%20carbon%20in%20farm%20soils-UK/Conservation%20&%20carbon%20_%20Greenhouse%20gases%20_%20Landcare%20Research.mht](#)

B.) [../Carbon%20emissions/Manitoba-Pasture%20management/Manitoba-Pasture%20management%20_%20Climate%20Change%20Connection.mht](#)

C.) [../Carbon%20emissions/Biochar-Sydney%20University/Maximising%20the%20benefits%20of%20biochar%20addition%20to%20soil%20by%20understanding%20mineral-biochar%20interactions%20-%20Research%20Supervisor%20Connect%20-%20Future%20Students%20-%20University%20of%20Sydney,%20Australia.htm](#)

D.) [../Carbon%20emissions/Rothamstead/Maximising%20carbon%20retention%20in%20soils%20_%20Rothamsted%20Research.htm](#)

Because such methods may not be as advanced as they could be in a decade, cannot be an excuse for waiting, but instead a reason to make a start.

Including agriculture in the ETS will be a fair and progressive way to advance agriculture in holding the key to a major reduction in New Zealand's Greenhouse gas emissions.

3.) The inclusion of the full spectrum of emissions from domestic and international tourism must be included in the ETS in order to avoid subsidising tourism to the detriment of other sectors of the NZ economy. In particular, emissions from travel to and from New Zealand by international visitors must be factored into New Zealand's emissions.

Reason: Air travel is a significant emitter of greenhouse gases, and New Zealand is especially reliant on air transport. No realistic management of New Zealand's emissions and economy can be achieved without factoring in emissions from air transport at a full surrender level.

4.) In the same vein as above, emissions from the shipping and air-freighting of New Zealand's imports and exports must be factored into the ETS, and for essentially the same reasons.

5.) Full surrender obligations should apply to all sectors of the economy, including EITE industries, and no free allocations should be available. The full surrender regime to be introduced across all sectors by the end of 2018, to give time for the EITEs to adapt.

Reason: I do not accept that the big players in industry should get favourable treatment over their emissions as this is a form of subsidy offered to them, funded by the NZ taxpayer. Anything less than full surrender is unlikely to result in anywhere like enough reduction in emissions.

6.) Only domestic emission units should be able to be surrendered to government, and the re-introduction of international units for surrender should not be contemplated.

Reason: International units bring the price of emissions down and result in "business as usual" and no emissions reductions. Allowing international units to be surrendered is cheating the system and discouraging any real decrease in emissions.

7.) The suggestion that households will be subjected to increases in electricity prices under a full surrender regime is surely specious, and should be rejected.

Reason: Most of NZ's electricity is produced by renewables such as wind and hydro. The coal-fired Huntly plant is due to be phased out, and must be, if NZ is to meet its emissions targets.

8.) Bearing in mind that following the ratification of the TPPA, changes to the NZ ETS, especially regarding moving to the full surrender option, may become subject to investor claims under the investment chapter of that agreement, it will be wise to adopt that option before the TPPA comes into force.

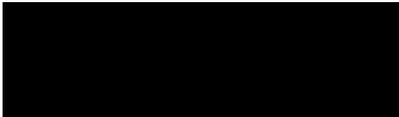
9.) In order to reduce the fiscal risk to taxpayers from banked NZ emissions units, legislation to prevent this activity needs to be introduced.

Reason: Taxpayers must not subsidise emitters, as to do so will lead to a failure to meet the country's emissions obligations, quite apart from the ethics of subsidising private enterprise.

10.) If auctioning of NZ units were to proceed this must happen only if international units cannot be purchased by NZ emitters.

Reason: Auction prices likely to be driven down by international prices, thereby disincentivising emissions reductions.

11.) A barrier to reducing New Zealand's emissions is the exemption of agriculture from the ETS, and the pressure to continuously increase agricultural exports, even if at the individual farm level, such increases are either marginally profitable or not profitable at all.


Paul Elwell-Sutton.


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