

New Zealand ETS review 2015/16 consultation

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1. Do you agree with the drivers for the review?

Answer 1: Yes

2. What other factors should the Government be considering in this NZ ETS review?

Answer 2:

make ETS fully level paying field: everyone on 1 for 1 obligation forthwith just as foresters are.

3. Should the NZ ETS move to a full surrender obligation for the liquid fossil fuels, industrial processes, stationary energy and waste sectors?

Answer 3: Yes

3A. Please explain your answer:

forestry have to fully surrender upon harvest already. Forestry generates much of the carbon and its totally unfair that they have to surrender 1 for 1 when emitters are 50% subsidised thus reducing the value of NZU by 50% making it unprofitable to grow forest for sequestration

4. What impact will moving to full surrender obligations have on you or your business?

Answer 4:

At the subsidised and zero rate of most emitters there is no potential to cause them to reduce emissions. full surrender would make my forest land sustainable in forest in perpetuity and a price approaching \$50 would result in it never being harvested

5. If full surrender obligations are applied, when should this be implemented?

Answer 5: a) 2016

Outline the reasons for your answer, and include any comments on the pros and cons of applying an increased surrender obligation to a partial or a full NZ ETS reporting a year.

simply to make my forest investment equal to everyone in New Zealand.

As a primary producer first of meat and wool then of milk i planted in forestry because those products are largely not respected for their worth.... no one wants to pay "real value" for their food. yet are willing to pay for junk that causes large amounts of emissions with at best 50% discount on emissions and the farming is totally free of carbon tax.... Most farms could plant an area sufficient to cover their emission liability and not suffer any production loss. i could take you to a few farms with lots of trees planted either as blocks or scattered who have experienced no loss of "farm returns" and are sequestering away... unfortunately the minority, no miniscule number are regarded by other farmers as silly. when they have to pay 40 or 50 bucks per NZU they will change their tune.

6. If the NZ ETS moves to full surrender obligations, should potential price shocks be managed?

Answer 6: No

6A. Please explain your answer:

we in NZ are supposed to be in a free market with no subsidies stemming from the Lange government. it would be hypocritical to continue fostering and being nice to fuel companies and other emitters who are largely overseas owned.

7. If potential price shocks associated with moving to full surrender obligations should be managed, how should this be done?

Answer 7:

7A. Please explain your answer:

farming was made to bite the bullet by the Lange government. many didnt make it and lost everything. some struggled for years and won out... others just boxed on with minimal debt to begin with but a much larger one after the event.

there has been 8 full years of carbon liability plenty of time for emitters to have made some plans to cover themselves for what we all know will be the end result, full liability.

farmers got perhaps 6 months warning and then only if they were aware and up to date.... What is so different for people not in the sequestration business?

8. If the \$25 fixed price surrender option value should change, what should it change to and why?

Answer 8: we no longer require a \$25 fixed price. there has been 8 years warning

9. Do you consider the future cost of emissions in your business planning?

Answer 9: Yes

9A. How do you do this?

run at a book loss due to the current price of carbon being under the cost of sequestration. run my forest as a deregistered forest only to save compliance costs, issued a forest right so that my forest is now 2 forests under 100ha so that i never have to register it.

Wait for government to level the playing field and that of its own accord will lift my income to a level that will sustain me and so reregister my forest

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10. What would improve your ability to take into account the future cost of emissions in your business planning?

Answer 10:

for me it will quid pro quo, sell with one hand buy back with the other.... of course there will be difference because the emitters will add cost to the process and so I will be "further taxed" by an unseen tax!

11. Under what conditions should free allocation rates start to be reduced after 2020?

Answer 11:

12. What impact would it have on your investment decisions over the next few years if there was a clear pathway or criteria for phasing out of free allocation after 2020?

Answer 12: plant more forest

13. How does the carbon price impact your forestry investment decision-making?

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Answer 13:

I planted forest because drystock historically returned around -3% of inflation and forestry +3% (an article by an 80 yearold gentleman who looked at returns of everything over his working life of 60 years)

Around 10 years later i was in a position to put his information tot he test.... just hope i live to his 80 years or better to enjoy the proceeds of my forest... then along came NZU etc.....

Back in 2002 I made the decision not to prune or thin my 2 year old forest due to potential carbon increase ... the first claim of carbon was sold at [REDACTED] this equated to better return for my land than its previous form of farming, drystock, which i was the doer of. [REDACTED] net when in drystock it was returning around [REDACTED] with me working on it full time. the current price of around [REDACTED] equates to [REDACTED] way to low

14. Are there opportunities for the NZ ETS to increase incentives for forestry investments, outside of NZU price?

Answer 14: No

15. What are your reasons for the above answer?

Answer 15:

price dictates everything.

if it doesnt make financial sense it will not be done other than by a very small minority who can "do whatever they like" and thats becasue they can pay for it or are trully seriously "different". these people are usually called hippies or weird.

16. If international units are eligible for NZ ETS compliance in the 2020s, should any of the following restrictions be placed on their use?

Answer 16: c) other

16A. Please explain your answer:

perhaps "clean green New Zealand" should begin to live within its own "reality" and become truly green. If more units are required that we can produce here in NZ how can we possibly justify the purchase of say european units..... hiw can they "honestly produce a surplus" someone must be cooking the books somewhere (as proved to be the case with the ERU bought and surrendered to enable people to "get out of jail").

17. Should auctioning be introduced in the NZ ETS?

Answer 17:

17A. Please explain your answer:

I would have thought the open market trading of NZU with wespac and OMF for example was auctioning... or are you talking about the government stock of NZU

18. What should be the role or purpose of an auctioning function in the NZ ETS, if one were introduced?

Answer 18:

18A. Please explain your answer:

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19. How should auctioned NZUs relate to other sources of unit supply in the NZ ETS, especially NZUs generated through forestry removals and / or international units?

Answer 19:

20. What impact has carbon price volatility in the NZ ETS had on your business?

Answer 20:

20A. Please explain your answer:

21. Do you think measures should be in place to manage price stability?

Answer 21:

21A. Please explain your answer:

22. What do you consider are important factors for managing price stability?

Answer 22:

22A. Please explain your answer:

23. What should the Government consider when managing price stability?

Answer 23:

24. Are you aware of ways the administrative efficiency of the NZ ETS could be improved?

Answer 24:

25. Can you provide further information to support your answer?

Answer 25:

26. Are there any barriers or market failures that will prevent the efficient uptake of opportunities and technologies for reducing emissions?

Answer 26:

27. If so, is there a role for the Government in addressing these barriers or market failures and how should it do this?

Answer 27:

28. Please comment here

Answer 28:

I have run out of time to complete 3rd page.... think I already covered much of it

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