

## Topics for NZ ETS Review 2015/2016 consultation

### About the consultation

The Government is reviewing the New Zealand Emissions Trading Scheme (NZ ETS) to assess how it should evolve to support New Zealand in meeting future emissions reduction targets and its ongoing transition to a low emissions economy. This follows the announcement by the Government in July this year that New Zealand's post 2020 target is to reduce greenhouse gas emissions to 30 per cent below 2005 levels by 2030.

The Ministry for the Environment is leading the consultation and welcomes your feedback on how the NZ ETS is working and how it might work better in the future.

The review will focus on:

- some transitional measures introduced to moderate the impacts of the NZ ETS
- what is required for the NZ ETS to evolve with changing circumstances including future targets
- operational and technical improvements.

### Discussion document

For more information about the consultation, read our [discussion document](#). It sets out the issues on which the Government is consulting, the objective and drivers for the review. It also contains the terms of reference for the review.

See the following two technical notes for information on specific issues relating to forestry and on operational matters that could be improved. Submissions on these matters close at 5pm on 30 April 2016.

- [Operational matters technical note](#)
- [Forestry technical note](#)

The following three technical notes were made available to support submissions on the NZ ETS review's priority issues. Submissions on priority issues are now closed.

- [The New Zealand Emissions Trading Scheme evaluation report 2016](#)
- [Economic impacts of removing NZ ETS transitional measures](#)
- [Afforestation responses to carbon price changes and market certainties.](#)

### Closing dates for submissions

- Submissions on priority issues closed at 5pm on 19 February 2016
- Submissions on other review matters close at 5pm on 30 April 2016.

## Publishing and releasing submissions

All or part of any written submission (including names of submitters), may be published on the Ministry for the Environment's website [www.mfe.govt.nz](http://www.mfe.govt.nz). Unless you clearly specify otherwise in your submission, we will consider that you have consented to website posting of both your submission and your name.

Contents of submissions may be released to the public under the Official Information Act 1982 following requests to the Ministry for the Environment (including via email). Please advise if you have any objection to the release of any information contained in a submission and, in particular, which part(s) you consider should be withheld, together with the reason(s) for withholding the information. We will take into account all such objections when responding to requests for copies of, and information on, submissions to this consultation under the Official Information Act.

The Privacy Act 1993 applies certain principles about the collection, use and disclosure of information about individuals by various agencies, including the Ministry for the Environment. It governs access by individuals to information about themselves held by agencies. Any personal information you supply to the Ministry in the course of making a submission will be used by the Ministry only in relation to the matters covered by this consultation. Please clearly indicate in your submission if you do not wish your name to be included in any summary of submissions that the Ministry may publish.

## Contact for queries

Please direct any queries to:

Phone: +64 4 4397400

Email: [nzetsreview@mfe.govt.nz](mailto:nzetsreview@mfe.govt.nz)

Postal: NZ ETS Review Consultation, Ministry for the Environment, PO Box 10362, Wellington 6143

## Questions to guide your feedback

The questions below are a guide only, and all comments on topics are welcome. To ensure your point of view is clearly understood, please explain your rationale.

## Contact information

Name	Neil Henderson
Organisation (if applicable)	
Address	██
Telephone	████████
Email	████████████████████

## Submission Form

## Discussion Document

### Context and drivers for the review

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

Yes

No

Unsure

As I wrote in the first stage of the process: Unequivocally **NO!!!**

## Improving ETS performance

The ETS has not contributed in any meaningful way to our emissions profile. It has not resulted in a reduction in gross emissions and will only do so if the price of carbon becomes very significant. Modelling has shown that to achieve just a 10% reduction in emissions will need a carbon price of \$100/tonne. This seems a perfectly reasonable conclusion to me. When fuel prices rise, people grumble, but change in behaviour is minimal. With a carbon price of around \$20/tonne when the ETS commenced we didn't notice the price change in amongst the natural volatility of fuel prices. Similarly we did not notice the price fall as the carbon price sank to a few dollars or even less.

A peer reviewed paper by Lord Monckton shows that if the now defunct Australian carbon tax were rolled out across the world and was targeted at preventing one sixth of a degree of warming over the next decade (approximately the central estimate of warming from the IPCC) it would take 80% of global GDP over that period. It is a physical impossibility to reduce emissions without severely negatively impacting the economy.

## Carbon Constraint

The notion that we will have a carbon constrained future is a very bold and unproven assumption. I have heard ever since the 1970's that oil production has peaked. We are currently using it faster than ever and still no end is in sight, as evidenced by the current low oil prices.

There is evidence that fossil fuels are still being formed. Laboratory experiments have shown that natural gas can form under great pressure. The term 'carbon constrained' is a rather nonsensical term. The rocks at the earth's core hold vast quantities of carbon and more fossil fuels could indeed be formed from them if the laboratory tests are correct.

I believe the term 'carbon constrained' is meant to imply we should not add more carbon dioxide to the atmosphere. If that is so, why not state it as such, rather than using vague and meaningless jargon?

# Certainty

The review talks about creating certainty. With so much uncertainty over what is happening internationally, not just in climate change, but also economically and also politically with issues such as the European refugee crisis, the Islamic State conflict etc, it is physically impossible to create certainty about anything. The only certainty is that there will be volatility.

Businesses need to make their own assessment of the risks, and stand or fall on their decisions, be they in the field of climate change, economics or whatever. Trying to set policies to mitigate risks can actually increase them. For example when the ETS came in some thought forests planted purely for carbon credits were a sure winner and land was bought, trees planted and then the carbon price collapsed and financial ruin followed for the investors.

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

For the purpose of refreshment, here is what I wrote in the first stage of the consultation:

## The science

### Introduction

I am extremely disappointed that no room has been made to submit on the need for an ETS. It is assumed that we must prevent any more global warming. Why? As I write this there are people in the Northern Hemisphere shivering in temperatures of minus 40 degrees. How immoral is it to say they can't have a warmer climate? Let us not forget that more people die of cold than heat distress in spite of the fact that the world's population is crowded into the warmest parts of the planet.

### Current global temperature

Let me clarify a few points of science. There is no dispute the climate changes. There is also no dispute that there has been an overall warming trend for the last 200 years as the world came out of the Little Ice Age. There is no dispute that this warming was triggered naturally. However the IPCC is adamant that the current warming is caused by human production of carbon dioxide from burning fossil fuels. But there is not one single piece of empirical evidence to support this notion. All the IPCC tomes are filled with assumptions and opinions. Indeed much evidence is accumulating to say it is wrong, **very wrong!!** The satellite temperature records show no warming now for well over 18 years. During this time humans have consumed 30% of all the fossil fuel we have used in the industrial age so far.

In spite of the fact that the IPCC has reduced its central estimates of warming in its recent reports, the current temperature is still below the projection of 111 of its 114 models. This is very likely news for you because the main stream media, and the politicians give full attention to the view that global warming is real and human caused. The scientists and others involved in the IPCC also very aggressively shut down dissent. Why? Good science welcomes open discussion because that is how knowledge progresses. For more detail on current global temperatures and the huge disparity with IPCC projections see here:

<http://nzclimatescience.net/images/PDFs/monckton.cd-2016-jan.pdf> I

respectfully request that you read it in full as part of this submission.

Much was made in the media that 2015 was the hottest year ever. This is not true for the satellite temperature records. It would not be true for the land based records either if they had not been adjusted during the last two years to make the past cooler, most notably the super El Nino of 1998.

I would note at this point that El Nino's normally cause warm years. This means that once this El Nino ends the global temperature will very likely drop in the year following.

### **Temperature adjustments**

I agree that temperature records do need adjustments. But I also note that the World Meteorological society has this to say about adjustments to temperature series: *"Although many objective techniques exist for detecting and adjusting the data for inhomogeneties , the actual application of these techniques remains subjective. At the very least, the decision about whether to apply a given technique is subjective. This means that independent attempts at homogenisation may result in quite different data. It is important to keep detailed and complete documentation of each of the steps and decisions made during the process. The adjusted data should not be considered absolutely 'correct', nor should the original data always considered to be 'wrong'. The original data should always be preserved."*

The recent adjustments to the land based temperature data to show increased warming cannot therefore be considered superior to the older data. This is particularly so when they show a divergence from the satellite data sets.

On pure probability the adjustments made to temperatures should have similar numbers of adjustments up, and down, with the overall result being similar to the raw data. It is becoming quite a concern that so many adjusted data sets are showing significantly more warming than the raw data they were compiled from. The concerns are further heightened when

those making the adjustments do not reveal their data for independent review.

New Zealand has good example of this in the Seven Satation Series compiled by NIWA. It shows around 0.9 degrees of warming per century, whereas the raw data shows a little over 0.3 degrees of warming. The New Zealand Climate Science Coalition (NZCSC) compiled its own series from the same data and came up with a result that was insignificantly different to the raw data. The NZCSC engaged in discussions with NIWA over the different results in the two constructed data sets. NIWA refused to divulge their calculations and the case ended up in court with the judge essentially finding in favour of NIWA as they were the 'Experts'. However the NZCSC has since gone on and had their data sets peer reviewed and published in a science journal, something NIWA has not done. This now makes the NZCSC data series of higher ranking than the one produced by NIWA, which has not been published.

### **Is the science settled?**

Despite loud noises that 'the science is settled' that comes from the IPCC and others, I believe it is very right to question the science. Many scientists believe the behaviour of the sun is similar to conditions that caused the Little Ice Age. Would it not be prudent to consider the economic and humanitarin effects of a cooling world?

Further, there is strong evidence that the world was warmer in the past. This did not cause any problems for humanity. So where is the concern now?

How relible are the projections of future climate? We are currently in an El Nino. We regularly heard forecasts of serious drought for Eastern regions of the country. As someone farming on the East coast, I can assure you we have had the kindest summer for many years with average or above rainfall. By way of contrast, 2013 gave New Zealand its biggest drought since the 1940's. It occurred under neutral El Nino/Southern Oscillation conditions and was not predicted in advance. Is it any wonder that I have no confidnece in their projections of where the climte will be in a decade's time?

### **Carbon Dioxide and its role in life**

There is strong evidence that carbon dioxide levels were several times higher than they are at present. These levels did not cause runaway global warming and the destruction of the planet. Why is it thought things will be different this time?

More importantly, carbon dioxide in the atmosphere is essential plant food. It is currently at levels that restrict plant growth. More of it would allow more plant production and therefore more food for humanity. With a growing need for more food, why are trying to restrict its production? Higher levels of carbon dioxide also enable plants to use water more efficiently, allowing plants to grow in places that used to be too dry. Surely this is another plus for higher atmospheric levels of carbon dioxide?

The IPCC 'theory' of serious warming, which in fact is no more than a hypothesis, is solely dependent on 'climate sensitivity'. This is the amount of warming brought about by a doubling of carbon dioxide. The IPCC claims it is three degrees for a doubling of carbon dioxide concentration. One degree of this comes directly from carbon dioxide, the rest from positive feedbacks triggered by the increase of carbon dioxide. One of the main feedbacks is from changes in cloud cover. Even the IPCC acknowledges the amount of this feedback is very uncertain. They don't even know whether the feedback is positive or negative! Recent research is clearly showing that the overall level of feedbacks is far lower than the IPCC has assumed. This makes perfect sense. If they were as high as the IPCC claims our climate would have wild and violent swings. There is no evidence this is the case. Indeed, for any system to exist in a stable state, feedbacks must cancel each other to a large extent.

This an appropriate point to note that by far the most important greenhouse gas is water vapour. It absolutely dwarfs the greenhouse effect of all other greenhouse gases combined, let alone the even smaller proportion that humans produce.

## **Livestock Emissions**

As a farmer I feel these emissions should be in the review. I am absolutely sick of hearing that livestock are responsible for nearly half of New Zealand's emissions. Yes, that is what our greenhouse gas inventory compiled by MfE and others states. But it has used such poor accounting methods that if a public company used such methods in compiling a capital raising prospectus, the directors would be in jail.

Any scientist should be able to confirm that methane is a short lived gas. The IPCC itself says any methane our livestock emit today will be gone in 50 years. It will not affect the global temperature in 2100. This is also acknowledged by the Pastoral Greenhouse Gas Research Consortium. But our greenhouse gas inventory makes no allowance for the methane our animals emitted in the past that has now broken down. The way methane is being accounted is the same as charging a forest owner for the carbon lost

when he cuts a forest, but giving him no credits for the carbon stored in the new forest that grows in its place.

It is true that the basis for comparing methane with carbon dioxide uses a 100 year time frame, so we would only be able to offset current emissions with those produced 100 years ago. I suspect that we would not have an accurate record of these emissions. A far more accurate method of comparing methane and carbon dioxide would be to use a figure spanning 20 years, which more closely reflects the life span of methane. We could then deduct our livestock emissions from 20 years ago, and the methane component of our livestock emissions would drop to about a tenth of their current level.

The current method of comparing gases, the Global Warming Potential, is also a very arbitrary choice. There is no good reason not to use an alternative called Global Temperature Potential. Indeed Dr Adrian Macey and Professor David Frame of Victoria University recently suggested this metric would be more appropriate. Using a GTP of 20 years would lower the figure further.

Unpacking the actual emissions a lamb is supposed to produce leaves me with the suspicion that no allowance is made in the calculations for the carbon dioxide removed from the atmosphere to obtain the carbon atoms to make the methane molecule. If this suspicion is correct then our methane emissions would fall by another 60%.

As a footnote, one of the main factors that changed me from being a global warming believer to a hardened skeptic is the absolute corruptness of the system of accounting for livestock methane emissions. If the scientists and others involved are so careless at compiling accurate figures for our livestock emissions, why should I trust any of the rest of their science about global warming to be robust?

I am well aware that those compiling the greenhouse gas inventory could well be one and the same as those reading this submission. Rather than take offence at my allegations I would love you to contact me to discuss ways of rectifying the situation in a constructive manner. Of course, you are welcome to show me where I am wrong. I look forward to hearing from you. Failure to make contact will confirm to me that maintaining the myth is more important than the truth, or perhaps that nobody even takes the trouble to read what we labour to provide if it doesn't fit your preconceived ideas.

**Moving to full surrender obligations – submissions on these priority issues closed on 19 February 2016.**

**Managing the costs of moving to full surrender obligations– submissions on these priority issues closed on 19 February 2016.**

**Other issues: business responses to the NZ ETS**

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

Yes

If yes, how do you do this?

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No

NO.

I am still optimistic that sanity will prevail and that this whole sorry saga will fall over as the scam I believe it is

If no, please explain your answer?

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

Getting rid of the whole scheme in total. Then I will know for 100% sure that the cost of my emissions will be zero.

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**Other issues: protecting competitiveness through free allocation**

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

Only if the warming trend since 2000 reaches a trend of one degree/century for 25 consecutive months. This timeframe would eliminate natural fluctuations to the temperature trend such as those caused by the current El Nino. The trend would be the average of the five main global temperature data sets, consisting of the two satellite sets of University of Huntsville, Alabama (UAH) and the Remote Sensing Systems (RSS) and the three land based sets of Goddard Institute for Space Studies (GISS), National Oceanic and Atmospheric Administration (NOAA) and Hadley Climate Research Unit (HadCRU). Any of these organisations would be excluded from the compilation if they did not allow open access to their data adjustments to allow for independent review.

If on the other hand, the global temperature trend since 2000 was zero for 25 consecutive months then the whole ETS and all its reporting requirements would immediately cease to exist. The same conditions and constraints for working out the trend would exist as in the above paragraph.

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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?

It would make no difference as I am well aware that any change of government could bring about a change in criteria. They do it all the time. I don't trust them to keep to any plans they make. After all just look at the U-turns made by the National Party on this. Nick Smith wrote this while in Opposition:

*"The appetite of Dr Cullen and this Government for more taxes is legendary, ...The latest is the carbon tax. It will add 6c per litre to the price of petrol, 7c per litre to diesel, 6% to all power bills and put the price of coal and gas up by 9%...."*

*"The madness of the Government's new carbon tax is that New Zealanders will be the only people in the world paying it. It will drive up the costs of living and undermine the competitiveness of New Zealand business for negligible environmental gain...."*

*"A further concern of the carbon tax is its impact on inflation, interest rates and the exchange rate. It will add to the costs of fuel and power and these flow right through the economy to basics like food. This puts pressure on inflation, which in turn drives up interest rates and the kiwi dollar. The Government's carbon tax is a classic example of the way the Government is making things tougher for the productive exporting sector."*

He concludes the article by saying:

*"The fart tax was killed off by people power and the carbon tax could fall the same way."*

Similarly Mr Key said there would be no carbon tax while he is in office.

Well technically they are right. We don't have a carbon tax. But we do have a price on carbon. The difference to my profitability is no different whether we have a carbon tax of \$25/tonne or a carbon trading price of \$25/tonne.

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**Other issues: managing unit supply - forestry**

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

In your answer, we are interested in the:

- a) extent to which the NZU price impacts decisions, compared to other factors
- b) impacts of the current price, and of your expectations for future prices.

I am not a forest owner, but I am a land owner. I am making comment here on that basis.

Firstly I cannot understand why New Zealand is putting so much emphasis on forestry to meet its emissions targets. It is a completely unsustainable option long term. It must be obvious to all it is not possible to plant forests forever to cover our emissions. There is only one way to reduce emissions sustainably and that is to cut fossil fuel use. By using forestry to cover our emissions in the short term only transfers the real issue onto the next generation. Of course as someone who doesn't believe in the need to do anything, that is no problem to me. But for those who believe it is an issue, that should be a real concern.

The next issue is that the ETS creates potential tension within the forestry sector. We have those with pre 1990 forests who get no carbon credits and those with post 1989 forests who do. This means that the latter owners have their carbon credits to help offset downturns in log prices and give them an advantage to maintain profitability at the expense of those who do not have post 1989 forests.

The ETS will also distort land use options. It is true that forestry has not been able to compete with alternative land use options in recent years. But using the ETS to help them compete is no solution. It will give them a major advantage over other land use options for the first generation of forest, but with no credits available on the second generation of trees they will then lapse back to uncompetitive land use options, but the cost of paying back the carbon credits will prohibit any land use change at major detriment to our economy. We have already seen this happen. Forests were being converted to dairy up until 2008 when the ETS started for forestry. Conversions then stopped dead until the collapse of the carbon price reduced the cost again.

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But the ETS will have an even more damaging effect on our economy if the carbon price rises. Once the carbon price exceeds \$25/tonne the return from growing trees solely for carbon credits will exceed the value of farming livestock on hill country farms. With projections that the carbon price needs to be \$100/tonne to encourage meaningful reductions in fossil fuel use it is clear that carbon forests will soon cause mass conversion of sheep and beef farms to pines that will be left to grow for carbon credits. It will not even be economic to log them because the log value after the harvesting cost will be less than the value of the carbon credits. We face the potential of huge areas locked up permanently in mature forests earning absolutely nothing as our country

becomes one huge carbon sink. Even as they grow the impact will be massive for regional economies. The land owner will reap a fortune. But none will be spent in the regional economy. There will be no work on the farms for shepherds and shearers. People will leave the rural areas. The schools will close. The communities will die. The towns and provincial cities will bleed as businesses fold. Out of work people will flock to the bigger cities in the hope of work. But just as it is now in Third World countries it will be a futile dream. There will be no work as there will be no industry. There will be no agricultural produce to process, no goods and services to provide for the rural sector. New Zealand will be a barren waste of endless miles of pines. Crime will soar.... Is this the future New Zealand you want? It is not the one I want, and I am sure it is not what you want either. If climate change really is the problem it is perceived to be then we have to find another solution. This one of incentivising forestry is an even more bitter pill to swallow.

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

Yes

No

The ETS should not be the mechanism for increasing forest area. The need should be specifically identified and targeted. For example, if there are erosion prone areas that should be retired from farming then planting forests in this area can be subsidised to encourage land use change. This has been the case in the past, particularly on the North Island East Coast.

Unsure

15. What are your reasons for the above answer? If you answered yes, we would be interested in comments on:

The reasons are included in the above answer.

- a) any barriers to participating in the NZ ETS that could be reduced
  - b) other factors.
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## Other issues: managing unit supply – international units

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

a) restrictions on where units can be sourced from (location of and/or types of projects)

b) restrictions on how many units can be surrendered

c) others

International trading should be on free market principles, providing the units can be certified as real. However since carbon trading involves the non delivery of an invisible substance to no one it is going to be well nigh impossible to guarantee any credits are bona fide.

I would expect the international market for credits to dry up quite quickly if countries are sincere about their Paris commitments as I do not believe there will be many countries that reduce their emissions significantly below their target. If New Zealand is assuming that it can meet a significant portion of its post 2020 commitment from international sources I believe it could be in for a very rude shock indeed.

Please explain your answer.

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### Other issues: managing unit supply – auctioning

17. Should auctioning be introduced in the NZ ETS?

Yes

No

Unsure

I am unsure about the idea of auctioning units, or how it could be a help to the ETS overall. It comes back again to that trade in an invisible substance that involves the non delivery of said invisible substance to no one.

If yes, when?

a) in the next two to three years

b) within five years (before 2020)

c) after five years (post 2020).

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

a) to align supply in the NZ ETS more closely with our international target

b) to more actively manage NZU prices

c) other

I do not see how auctioning units will have any positive effect on achieving our target. It will most likely just add to the uncertainty of an already uncertain and cumbersome market that ultimately will achieve nothing, whether there is auctioning, or whether there is no auctioning.

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?

All carbon credits or units should be of equal rank, irrespective of source. After all, carbon dioxide is carbon dioxide whether it is removed by a tree, whether it is removed in New Zealand or whether it is removed in Mongolia.

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## Other issues: managing price stability

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

a) minor

b) moderate

c) significant.

I simply do not know as the carbon cost of inputs is not quantified. However I am somewhat suspicious that some companies may not have passed on the drop in carbon prices in recent years. When the ETS commenced they may have factored in the government fixed option price of \$25/tonne for 50% of their emissions, or \$12.50 per unit overall and have just kept charging that right through, even though they could buy units for a few cents.

Please explain your answer.

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

Yes

No

Unsure

I am unsure about this. Measures to manage prices could distort the market. On the other hand highly volatile price movements could cause serious economic hardships for participants. Having an upper price limit that rises steadily with time, but only if global warming is still happening, could well be an advantage for financial planning by participants.

Please explain your answer

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

a) upper price limits (eg, fixed price option, or a price ceiling implemented through an auctioning mechanism)

b) lower price limits (eg, price floor)

c) other

See question 21.

Please explain your answer

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

The primary concern should be the latest science about what is happening to global temperature. If the temperature remains steady then the Government should freeze the price or even reduce it. Why pay to prevent something that is not happening?

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### Other issues: operational and technical matters

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

Yes

Yes. Suspend all liabilities to pay for emissions and requirements to report emissions until a temperature rise of one degree per century is achieved as per question 11. Until global warming happens it is all unnecessary bureaucracy.

May I again point out to you that not one peer reviewed science paper exists that proves emissions of carbon dioxide cause global warming. It is still only an unproven hypothesis. This may come as a shock to you. But I respectfully ask you to challenge the proponents of the need for an ETS to provide you with details of such a paper, and then pass it on to me, as I would be very interested to see it as well. If they can't then you need to heed the call to scrap the ETS forthwith.

No

Unsure

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

We would be interested in comments on:

- a) complexities involved in NZ ETS participation
- b) penalties for breaching NZ ETS obligations
- c) any technical or operational changes that could be made to the NZ ETS to improve efficiency.

My comments are contained in the previous question. The most efficient scheme is a non-existent scheme. It would not be complex and there would be no need for penalties.

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### Other issues: addressing barriers to the uptake of low emissions technologies

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

The normal market forces will ensure the uptake of efficient technology. If low emissions technologies are less reliable then there is a cost in this lack of reliability that must be balanced against a technology that may create more emissions, but provide greater security. Again, we are facing the assumption that low emissions are beneficial to the climate and planet. It is NOT proven that this is so.

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

The Government needs to learn that we do not need to live in a Nanny State. There are plenty of intelligent human beings running this country's farms and businesses and making a better job of it than government. After all, most of us turn a profit each year. If we don't we go broke. The government does not run a profit each year. A business running the losses that government runs would soon be in receivership.

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### **Any other comments related to issues set out in the discussion document**

28. Please comment here

In summary I would state again that at this point in time there is no demonstrated need for an ETS. Not one science paper exists that proves the warming that has happened is primarily the result of emissions of carbon dioxide produced by the combustion of fossil fuels. The price of emissions should be capped at zero and reporting of emissions suspended until the warming trend since 2000 reaches a trend of one degree/century for 25 consecutive months. This timeframe would eliminate natural fluctuations to the temperature trend such as those caused by the current El Nino. The trend would be the average of the five main global temperature data sets, consisting of the two satellite sets of University of Huntsville, Alabama (UAH()) and the Remote Sensing Systems (RSS) and the three land based sets of Goddard Institute for Space Studies (GISS), National Oceanic and Atmospheric Administration (NOAA) and Hadley Climate Research Unit (HadCRU). Any of these organisations would be excluded from the compilation if they did not allow open access to their data adjustments to allow for independent review.

If on the other hand, the global temperature trend since 2000 was zero for 25 consecutive months then the whole ETS and all its reporting requirements would immediately cease to exist. The same conditions and constraints for working out the trend would exist as in the above paragraph.

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[NB: Separate consultation form]

## NZ ETS review: Forestry technical note

The following questions relate to information presented in the Forestry technical note.

### Existing structural design settings

F1. What do you consider are the strengths and weaknesses of the NZ ETS forestry settings?

The ETS looks far too much like a massive Social Welfare benefit for forestry at the expense of other land use options.

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F2. Do the NZ ETS forestry settings discourage deforestation? If not, what settings do you think would?

Yes

YES. If the carbon price rises it will provide a massive disincentive to deforestation as no one will be able to afford to pay back the carbon credits.

No

Unsure

Please explain your answer

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F3. Do the NZ ETS settings incentivise afforestation and replanting? If not what settings do you think would?

Yes

Again, the answer is a massive YES, once the carbon price rises, at the expense of all other land use options. We could see all our hill country covered in wall to wall pines. How exciting is this going to be for the tourists?

No

Unsure

Please explain your answer

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F4. Does the NZ ETS provide effective incentives for smaller foresters to participate in the scheme? If not, what settings do you think would?

Yes

No

Unsure

I am not sure about the compliance costs to have an opinion here. However, once the carbon price rises the compliance costs will become an insignificant fee out of the total windfall of the non delivery of an invisible substance to no one at a very significant price.

Please explain your answer

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F5. Does the NZ ETS work well alongside other forestry programmes? If not, how do you think these programmes could be better aligned?

Yes

No

Unsure

The other programs should not need to be aligned with the ETS. It should not be the forest industry driver. It should be removed!!

Please explain your answer

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F6. What changes could be made to NZ ETS forestry sector provisions to improve the scheme?

It does not need improving. It needs abolishing!!!

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### Future forestry accounting in the NZ ETS

F7. What are important factors when considering changes to forestry accounting settings in the NZ ETS?

Any scheme dealing in the non delivery of invisible substance to no one is flawed. Whatever changes are made, other than abolition, are merely shifting the flaws in this scam.

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F8. Do you think a different forestry accounting approach in the NZ ETS would change the scheme's incentives for afforestation?

Yes

No

Forestry does not need any form of social welfare prop up. If it cannot compete on a level playing field with other land use options, then the forest industry shrinks. After all, sheep and beef farming has shrunk as dairying has expanded into its territory. Did sheep and beef farming get social welfare support to hold the white gold tide back? NO it did not. So forestry does not need a hand out either!!!!

Unsure

Please explain your answer

---

## Averaging

F9. Do you think averaging should be introduced for post-1989 forests? If so, why?

Yes

No

Unsure

This would certainly make compliance easier and cheaper, and would make no difference to the result as the whole thing is flawed. After all we are dealing with the non delivery of an invisible substance to no one, so how we count it makes not one iota of difference to the total substance not delivered. If just alters the amount pocketed by the forest companies for doing nothing to alter the climate.

I would point that, although livestock are not currently paying for their emissions, averaging is used in calculating them.

Please explain your answer

---

Do you think it should it be optional or mandatory?

Optional. That way forest companies that think they can screw the system more can do their creative accounting and make even more for doing nothing. That will help wake the government up a little bit quicker that the whole ETS is the modus operandi of a ginormous scam.

---

F10. Should there be limits on the types of forests that can use an averaging accounting method? For example, new forests only or forests under a size threshold.

Yes

No

No, for the same reason as in question F9.

Unsure

Please explain your answer

---

F11. How might averaging impact on your business decisions?

At this stage I plan to carry on sheep and beef farming as I refuse to engage in a scheme that is totally fraudulent. But if that becomes impossible because of the lunacy that is the ETS renders stand alone livestock farming uneconomic I will use the method of accounting that yields the best return. After all there is already a wonderful option available that allows a forest of just 30% canopy cover to claim credits as if there were 100 % canopy cover. This means I will be able to claim full forest credits while still carrying a limited number of livestock. Sounds real good to me!!

If the government is stupid enough to encourage legal fraud we all might as well work it to the maximum!!

---

## Harvested Wood Products

F12. Do you think deferred liability for emissions from Harvested Wood Products (HWPs) should be recognised domestically? If so, how?

Yes

No

Unsure

The theory is good, but again the avenues for corruption are huge. May be the liability moves with the wood and has to be paid for at final disposal. Of course processors along the way would have liabilities for the wastage in saw dust etc. It all sounds a like a massive bureaucratic nightmare with massive compliance costs.

If it is going to be done for timber it would also need to be done for wool, leather, bone and other long lived animal products.

Please explain your answer

---

F13. How might the options for deferred liability for emissions from HWPs impact on your business decisions?

It would be great. As forests reached maturity I would put the logs in massive piles and plant a new forest and collect even more revenue for the non delivery of an invisible substance to no one. However, unless the government is even thicker and more stupid than I believe it to be, by then they will have woken up to the fact that this a the biggest rort in the entire history of mankind and they will have repealed the stupid ETS legislation and sent all the parasites living off it onto the dole queue.

---

## Other

F14. Do you have any other comments or things you think are important?

I make no apology for the sarcastic nature of many of the comments in this section. It is time you opened you eyes to the scam you are a willing participant in. You have had the wool so thoroughly pulled over your eyes you are fully wool blind. In case you don't know, a wool blind sheep cannot see where it is going and it ends up in strife. This is where the ETS is leading this country.

If you haven't got the message yet, there is no scientific paper that links recent global warming to the combustion of fossil fuels. Therefore there is no need for an ETS.

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[NB: Separate consultation form]

## NZ ETS review: Operational matters technical note

The following questions relate to information presented in the Operational Matters Technical Note, which can be found here.

### Encouraging compliance with NZ ETS requirements

OM1. Do you encounter challenges when completing New Zealand Emissions Trading Scheme (NZ ETS) requirements, such as meeting your emissions reporting or surrender requirements?

Yes

No

Unsure

At this point, my livestock emissions are accounted for by my meat processor. This is at some cost to them, which is inevitably passed onto me, and consequently lowers my farming returns for zero benefit to the environment. It means I have to farm more intensively to cover these costs, which puts added pressure on the environment such as more nutrients leaching into the water. Therefore the net benefit of complying with my ETS requirements is a negative impact on the environment.

What are these?

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What would overcome these challenges?

Dump the ETS!!! It nothing short of **E**xortion, **T**heft and **S**windle!!

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OM2. What is your opinion of the tools available to regulators to correct errors and address non-compliance?

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What would help improve these tools?

I do not know what the tools are. But how can anyone gauge non compliance when we are dealing in the non delivery of an invisible substance to no one??

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OM3. Are there options, not already included here, for improving compliance with emissions reporting and surrenders?

Yes

No

Unsure

What are they?

In case you haven't got the message yet, you cannot improve compliance when we are dealing in the non delivery of an invisible substance to no one.

---

### Disclosure of NZ ETS information

OM4. Does the current level of information available allow you to make informed decisions about your participation in the NZ ETS?

Yes

No

Unsure

You guessed it!! It is impossible to make an informed decision when we are dealing in the non delivery of an invisible substance to no one.

If not, please give examples of information you think would be useful, and how it would help you.

---

OM5. Are there any additional forms of information that would assist with your understanding of, or participation in, the market?

I can't be bothered reading the literature out there now, so don't bother wasting precious tax dollars that are more urgently required elsewhere, such as fixing the Gisborne to Napier rail link, printing more propaganda to justify a scheme that involves the non delivery of an invisible substance to no one.

---

## Transfer of participation for post-1989 forestry

OM6. Have you undertaken, or expect to undertake in the future, an NZ ETS transfer process?

Yes

No

Unsure

I understand it has a whole lot of prickles and can involve one party carrying enormous risk if the land is deforested by the forest owner, because I believe the liability rests with the land owner, not the tree owner.

If so, how well do you understand the transfer provisions?

---

OM7. Have you encountered issues with NZ ETS land transfer requirements?

Yes

No

Unsure

NO, because I have not done a land transfer.

If so, what issues did you have?

---

OM8. Do you think the NZ ETS transfer requirements should be changed or simplified?

Yes

No

Unsure

I don't know. But the liability needs to rest with the tree owner.

If so, how?

---

### **Tree weed exemption provisions under the Climate Change Response Act 2002**

OM9. Have you encountered any problems with the tree weed exemption process?

Yes

No

Unsure

I do not have tree weeds. However I believe that on some land in this country planted forests have now become tree weeds because alternative land uses are now more profitable than the growth of these tree weeds. They are a problem and should be able to be removed without liability.

Please explain your answer?

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OM 10. Have you encountered issues in complying with the conditions of a tree weed exemption?

Yes

No

Unsure

See answer to OM 9.

Please explain your answer?

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OM 11. Do you think the tree weed exemption provisions could be improved?

Yes

No

Unsure

I do not know enough about the provisions as I have not needed them.

If so, how?

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### **The public's limited access to information about the NZ ETS status of land**

OM12. What information on land status under the NZ ETS would be useful for your decision making?

It is imperative to know what carbon credits have been claimed on a forest and whether said forest is pre 1990 or post 1989 so that you know your potential liability as a purchaser.

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OM13. Have you faced any problems in classifying forest land under the NZ ETS or in accessing information on forest land's NZ ETS status?

Yes

No

Unsure

Please explain your answer?

I haven't had cause to seek information about a piece of land or a forest.

---

OM 14. Do you think the Government should provide information on the NZ ETS status of land that is not already subject to the NZ ETS?

Yes

No

Unsure

Someone needs to supply this information. It need not be the government.

If so, how would this help you?

It would make it easy to find out the status at zero expense if there was a publicly available register of all land listing its ETS status and whether any forest on that land is in or out of the ETS.

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## When your submission is complete

Email your completed submission to [nzetsreview@mfe.govt.nz](mailto:nzetsreview@mfe.govt.nz) or post to NZ ETS Review Consultation, Ministry for the Environment, PO Box 10362, Wellington 6143.

**Submissions on priority issues closed at 5pm on 19 February 2016**

**Submissions on other review matters close at 5pm on 30 April 2016.**