



30th April 2016

NZ ETS Review Consultation: Other Issues
Ministry for the Environment
Wellington

Personal Submission from Dr Anne MacLennan on:
New Zealand Emissions Trading Scheme Review 2015/16

I wish to speak to my written submission.

I. Response to listed questions

Business responses to the ETS

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

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

I work as a medical specialist in a tertiary hospital. I work in the health business. I aim to maximise health in individual patients, and in populations. The DHB has to provide its service in an efficient manner.

We are being overwhelmed by chronic diseases often caused or aggravated by the lifestyles fostered by current business models. Current business models are contributing to climate change. Climate change causes and aggravates disease, thus increasing human suffering and loss of productivity. Climate change increases the burden on healthcare services and healthcare professionals as well as the costs. Our healthcare system is under strain already. Climate change will increasingly disrupt healthcare infrastructure – which again, is costly.

I definitely consider the costs of emissions in forecasting a ballooning health crisis. Dramatic reduction in GHGe would thus bring considerable savings in the healthcare budget, by reducing the burden of ill health and costs of repairing and replacing health infrastructure.

Protecting competitiveness through free allocation

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

12. What impact on investment decisions over the next few years of a clear pathway / criteria for phasing out free allocation?

There should be no free allocations. Free allocations are hindering real cuts in emissions and should be phased out NOW, and as quickly as possible.

Managing unit supply – forestry

- 13. impact of carbon price on investment decision-making*
- 14. Opportunities to increase incentives for forestry*
- 15. barriers to participation*

I do not have forestry investment responsibilities, but regard diverse forestry as an essential part of our response to GHGe reductions as well as enhancing our environment to withstand extremes of weather, support biodiversity – and thus hold on to some of our threatened indigenous species, and contribute to attractiveness for tourism.

The main barriers from my perspective are the extremely low carbon price, uncertainty regarding Government commitment, and pressure from expanding dairying.

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?*

There must be very clear criteria for any international units traded. It is essential that any trading aimed at reducing overall emissions does just that. Stringent criteria should be drawn up to ensure that the trade units are contributing to a sustainable reduction in global emissions, and that they have moral integrity.

Managing unit supply – auctioning

- 17. Should auctioning be introduced in the NZ ETS?*
- 18. What should be the role or purpose auctioning in the NZ ETS?*

Auctioning has no place in a scheme designed to facilitate the country avoiding dangerous climate change.

Managing price stability

- 20. what impact has carbon price volatility in the NZ ETS had on business*
- 21, 22. should measures be put in place to manage price stability? What are the important factors for managing stability?*
- 23. what should the Government consider re price stability?*

A labile and low carbon price is a major disincentive to business unconvinced by the climate crisis, and a significant deterrent to even convinced businesses. We require a price high enough to incentivise business and innovation, with clear Government commitment to maintaining that price and ratcheting it up with time.

Operational and technical matters

- 24, 25. how could the administrative efficiency of the NZ ETS be improved?*

By having administrators who are committed to, and excited about, the opportunities of a low carbon economy and the catastrophic dangers of not moving quickly enough.

Addressing barriers to the uptake of low emissions technologies

26. *Are there barriers or market failures preventing the efficient uptake of opportunities and technologies for reducing emissions?*

27. *is there a role for Government to address these barriers?*

Government inaction and administrative obstacles are the main barriers to an efficient transition to a healthy, prosperous low carbon economy.

Free allocations do not make sense and confuse the signal from Government.

II. Further comments

The NZ ETS is the key central government response to combat carbon emissions within New Zealand and it is not working.

Climate Change is not a tradeable commodity. There are very serious and expensive sequelae to slow, reluctant emissions reductions. These sequelae include major health and health system impacts, food insecurity, water insecurity, infrastructure damage, loss of agricultural productivity and competitiveness, economic collapse, and regional security issues.

The NZ ETS shows a complete lack of ambition to grasp the huge opportunities of transitioning to a vibrant, prosperous low carbon society. NZ is well placed to be a leader in climate mitigation and adaptation, but is distracted by the trading possibilities of carbon credits.

The objective is *“to support and encourage global efforts to reduce greenhouse gas emissions”*. Why not **“to support and encourage NZ efforts to reduce GHGe and develop a strong low carbon economy.”**

The stated means to achieving the ETS objective are:

Assisting New Zealand to meet its international obligations.

Reducing New Zealand’s net emissions below business as usual levels.

This suggests a hesitant or negative approach, clinging to previous familiar economic approaches. Our international obligations are minimal. Getting below business-as-usual levels is not ambitious, and is not an adequate target. We have increased emissions significantly since 1990, with planning for projects which will increase our emissions even further. This is shameful. NZ has to reduce emissions dramatically below recent levels.

We condemn today’s children, never mind future generations, if radical changes are not made – very soon. Young people have fantastic and innovative ideas for transforming our society. Listen to them. They are also beginning to take legal avenues to protest the

damaging and wilfully obstructive policies and behaviours of current world governments¹. It is their future which will be irreversibly wrecked. We have a small window of opportunity to allow them to survive and have some control over their future.

I recommend that the NZ Government sets up an independent Climate agency to oversee, guide, monitor, and motivate business, research institutes, and private citizens to create a healthy, prosperous low carbon society. This agency can either upgrade the ETS, or help develop a carbon tax.

Thank you for the opportunity to comment.

Anne MacLennan, April 2016

¹ I will attach the recent ruling in the case of KELSEY CASCADE ROSE JULIANA; et al., against The UNITED STATES OF AMERICA et al..