

## 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	Meg Graeme
Organisation (if applicable)	
Address	██
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# Submission Form

## Discussion Document

### Context and drivers for the review

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

*No – the focus should be on meeting our international obligations, whether cost effectively or not.*

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

- *Bringing agriculture into the ETS immediately.*
  - *Replacing the 97m fraudulent credits we have handed over to honour international commitments with bona fide ones.*
  - *Setting a domestic emissions reduction targets and developing a plan to meet those emissions reduction targets.*
  - *Assessing what other tools are available that can complement the ETS to achieve our targets.*
  - *Scrapping the ETS and having a simple, clear carbon tax.*
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### 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. Fuel, heating, appliances are all potential high expenses for our company so we buy the most efficient equipment where ever possible. We also report on our business sustainability of which emissions are an issue.*

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

*A clear carbon tax and clear plan from government of what our goals are and what is going to be subsidised and why. Currently subsidies for coal and oil hide the true cost of purchasing options.*

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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?

*Immediately – i.e. 2020. There has been enough lead-in time so well-run carbon intensive businesses should already have management actions in place to reduce their carbon emissions.*

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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?

*Our investments will reflect the economic value of future commodities/technology and will avoid high carbon emitting producers.*

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

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

*I do not see forestry as a good investment until we have a stable operating carbon market and good governance with clear future uses of each forest corresponding to its appropriate associated land use e.g. carbon + production, carbon + ecosystem services (soil stability, biodiversity etc).*

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

Yes

15. What are your reasons for the above answer?

*By giving credence to permanent forests that can attract additional 'biodiversity' credits.*

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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?

*We should allow trading of carbon credits only with our Pacific Island neighbours. This will restrict the amount of international units and allow for greater scrutiny of the value of the credits. It will also encourage low-carbon initiatives by our neighbours and help grow their trading market.*

*A limit should be set on future trade in international credits to a finite percentage of units surrendered under the Emissions Trading Scheme e.g. 10%.*

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## Other issues: managing price stability

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

*Yes – to ensure clarity for business and to achieve the carbon reduction levels required.*

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

*A set high price that will ensure our carbon emissions drop to required levels.*

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

*That it will actually achieve the desired result of moving people away from carbon intensive activities/industries and so allow NZ to meet its international targets.*

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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*

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

*Establish an independent agency/Committee reporting to Parliament as per the UK Climate Change Act. This agency/Committee needs to be financed so it can provide independent and transparent information.*

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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?

*Subsidies (such as free carbon credits) for high carbon-emitting industries are a barrier to the efficient uptake of opportunities and technologies for reducing emissions.*

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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?

*Yes – remove subsidies for high carbon-emitters.*

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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

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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 but the PFSI needs to have greater emphasis and permanent forest planting (including continuous cover forests) needs to be subsidised on steep erodible land. Subsidies such as the East Coast Afforestation Grant Scheme and Erosion Control Funding Programmes need to be reviewed to ensure they are only available for permanent forestry and not clear-fell forestry if the land is of High or Very High Erosion Susceptibility. Otherwise we will be subsidising undesirable land use on our steep erodible land, causing future erosion problems which will only increase with predicted climate change.*

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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](#).

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

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

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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.**