

# 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:

Yes, however NZNO believes that the drivers for the review should not be limited solely to those listed in the 2015 discussion document. The primary objective of NZNO and other health professionals is to protect and improve the health outcomes of people by committing to working towards a zero-emissions future. The ETS, with a significant overhaul, could be one tool in helping to achieve this goal, but it needs to be part of a comprehensive plan to remove carbon intensive industries from the economy.

Other tools include legislation such as the Climate Change Act in the United Kingdom, as well as the possibility of implementing a carbon tax. The latter may be easier to administer than an ETS and can be easily adjusted to reduce emissions effectively. We suggest it may also be a better tool to balance inequities faced by lower socioeconomic groups by reinvesting the revenue gained into areas such as insulation of low income homes, public and active transport infrastructure and lowering income tax for low income workers.

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

Answer 9: Yes

9A. How do you do this?

NZNO has moved its fleet to fuel efficient cars

has moved to more video and telephone conferencing to reduce travel

operates reduction, recycling systems in all offices

uses electronic and digital rather than paper based records management, payroll etc systems

has divested any investment in fossil fuel industries. (SBN guide on how to invest responsibly and 350 Aotearoa report on fossil free banks)

Some health care services and facilities are taking this into account - eg Auckland and Canterbury District Health Boards and individual GP practices (eg patient/staff transport initiatives, Tool kit for Greening General Practice, RNZCGP) however, there is no consistent, or integrated policy or practice. Without a supporting legislative and regulatory framework, and education and guidelines relevant to Aotearoa New Zealand, there is little incentive for the cost of emissions to be considered though there is significant potential. factored into health sector businesses. In addition the nature of emissions trading means specific costs are not easily predictable. it is a long way away from being part of business as usual (BAU)

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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:

Having guidelines and tools available to help calculate emissions and to reduce GHG emissions. A fixed price option set at a representative price could help some businesses budget for offsetting their emissions.

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

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Answer 11:

Free allocation undermines the ETS as an effective tool to reduce emissions and so should be removed or greatly reduced as soon as possible.

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:

NZNO does not directly deal with this, however we would anticipate that while there would be some increase in costs, it would encourage innovation.

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

Answer 13: N/A

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

Answer 14:

15. What are your reasons for the above answer?

Answer 15: No comment

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:

- 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

16A. Please explain your answer:

a) Yes, rigorous policy should be developed to ensure only indubitable ethical and legitimate units can be sourced.

NZNO refers to the Morgan Foundation Report Climate Cheats (Geoff Simmons & Paul Young, 2016) "Carbon trading is a fine idea, and an economically efficient way to spread the burden of emissions reduction, but it only works if the credits we buy actually represent a true emissions reduction somewhere else. The sad truth is that the foreign credits New Zealand has gorged on up until now have produced little to no climate benefit. We need to put this right, or risk a hit to our international reputation jeopardising our future access to international carbon trading." "Carbon trading is a good idea in principle, but only if we can be sure that the credits have integrity and result from real emissions reductions. The Government should have known for several years now that the credits we were dealing in did not meet that condition. Regardless of what they knew then, we certainly know now. What the Government plans to do, by knowingly using fraudulent credits to avoid taking real action to reduce our emissions, is simply wrong. Following through with this plan will tarnish our international reputation of being clean and green, reputable and free of corruption. It will confirm what is already clear: we are nothing more than climate cheats – willing accomplices to environmental crime."

NZNO supports the report's recommendations of:

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“1. Dump the junk – cancelling the fraudulent foreign credits.  
2. Burn the bank – remove the 2-for-1 deal and freeze companies’ free allocation of New Zealand Units for a year to clear the backlog of banked credits in the ETS.  
3. Keep it clean – keep the ETS closed to international trade until we can be certain the system has integrity. In the meantime we could work closely with some of our Pacific neighbours to develop bilateral arrangements.”

b) Restricting the number of international units that can be surrendered is an option that may help strengthen the integrity of units traded under the ETS.

17. Should auctioning be introduced in the NZ ETS?

Answer 17: Yes

when

17A. Please explain your answer: We think it could be useful especially if there were a floor price.

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

Answer 18: b) to more actively manage NZU prices

18A. Please explain your answer: both a and b.

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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:

All units should be freely tradeable (only if free allocation is removed). This creates an equal market.

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

Answer 20: a) minor

20A. Please explain your answer: Minor at this stage.

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

Answer 21: Yes

21A. Please explain your answer: Security, confidence, integrity

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

Answer 22: b) lower price limits (eg, price floor)

22A. Please explain your answer:

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A floor price should be imposed to ensure that the price charged is not less than the actual worth of the unit, to ensure that emissions are fully accounted for.

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

Answer 23:

Volatility is a response to uncertainty and lack of trust. The most important thing the government should consider is how to engage constructively with all people and sectors, not just the business sector, on climate change. It has a responsibility to ensure that people are well informed and well prepared, because everyone will be affected by challenges to their health, livelihoods, and communities. Mitigation and adaptation strategies, which may require significant change in behaviours and expectations, will only be accepted and be able to be implemented if there are agreed values and shared goals.

Whilst not being assured that it is the most effective or equitable tool to either reduce emissions or address climate change, NZNO supports the ETS as a useful regulatory lever, provided it is universal, properly monitored, and enforced. However, clearly a comprehensive plan incorporating other tools beyond the ETS must be developed and implemented to address the issue of climate change, both to meet and improve on the 2030 targets we have committed to, and to minimise social disruption and crises.

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:

b) Penalties should be fair and meaningful and enforced. That requires a properly resourced workforce and infrastructure. We note inadequate provision for monitoring and enforcement in other areas has resulted in poor and inequitable outcomes eg health safety and employment conditions are compromised with a labour inspectorate which is half the strength of overseas counterparts.

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

Answer 26:

Without incentivising a shift to a zero-emissions future, individuals and businesses may continue to have a low uptake of low-emissions technologies. NZNO believes it should be easier for businesses to make a choice to practice ethically in the best interests of public health. To do this businesses must be accountable for the emissions they produce. Many low emissions technologies have a delayed cost effectiveness. They may be more expensive to purchase in the short term, but save money in the long term.

The cost barrier can also be reduced by increased demand for low emissions technologies. If legislation requires a reduction in emissions, they demand will increase for these services. Aotearoa NZ has huge potential as a producer of these technologies and this can serve positively as a means for job creation in a transition from high to low emissions jobs.

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: Yes. See above

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28. Please comment here

Answer 28:

Health impacts of climate change:

Reference (<http://www.nzma.org.nz/journal/122-1290/3483/> )

The health implications of climate change, despite being one of the biggest and most concerning issues, have been consistently ignored in the formation of climate change related legislation. We note that the health implications of climate change were not mentioned in the discussion document, despite the World Health Organisation's description of climate change being the biggest threat to human health of the 21st Century. Scientific evidence shows a link at least as conclusive of that between smoking causing lung cancer that climate change is anthropogenic. The evidence also suggests widespread and diverse impacts on health from climate change.

NZNO would like to emphasise the key principles of climate change and health as outlined below:

-Increasing temperatures: estimates are that Aotearoa NZ emissions will increase between 0.7 and 5.1 degrees celsius by 2100.

-Weather: Aotearoa NZ can expect an increase in extreme weather events such as flooding and drought. Predictions are that New Aotearoa NZ will become wetter in the west and dryer in the east and north. These will impact on health directly and indirectly. We may see an increase in heat related deaths. Aotearoa NZ already sees heat-related deaths each year in some areas. The European heatwave in 2003 resulted in 70,000 excess deaths and it is likely that we will start seeing more deaths from temperature rise here. The number on non-fatal heat related effects will also have a large impact on occupational health, including productivity. There will be increasing inequity between those with and without access to air conditioning indoors and those without will be less likely to adapt. (Kjellstrom T, Holmer I, Lemke B. Workplace heat stress, health and productivity – an increasing challenge for low and middle-income countries during climate change. *Glob Health Action*. 2009; 2: 10.3402/gha.v2i0.2047.)

-There will also likely be an increase in foodborne diseases such as campylobacter and salmonella, as these microbes multiply faster at higher temperatures. (FAO. *Climate Change: Implications for Food Safety*. 2008. <ftp://ftp.fao.org/docrep/fao/010/i0195e/i0195e00.pdf>  
Britton, E., Hales, S., Venugopal, K., & Baker, M. G. (2010). Positive association between ambient temperature and salmonellosis notifications in New Zealand, 1965-2006. *Australian & New Zealand Journal of Public Health*, 34(2), 126-129. ) We can also expect an increase in mosquito-borne diseases, as a warmer, more hospitable environment will increase the likelihood of the establishment of species such as *Ae. aegypti* and *Ae. albopictus* which can spread diseases such as Dengue Fever, Yellow Fever and Ross River Virus. (International Global Change Institute, University of Waikato; Ecology and Health Research Centre, Wellington School of Medicine. *Hot Spots: Exotic Mosquito Risk Profiles for NZ*  
<http://researchcommons.waikato.ac.nz/bitstream/handle/10289/916/RiskProfiles.pdf?sequence=1>)

-Aotearoa NZ can also expect an increase in melanoma with the increased temperatures we can expect a change in behaviours more likely to lead to UV exposure, along with the stratospheric ozone delaying recovery. (Gray M, Dermatologist. Analysis of 2012/13 NIWA Data on UV radiation Thomas P, Swaminathan A, Lucas RM (2012). *Climate change and health with an emphasis on interaction with ultraviolet radiation: a review*. *Global Change Biology* 18(8), 2392-2406.)

-Air pollution is another factor that will affect health. Respiratory disease such as Asthma, Chronic Obstructive Pulmonary Disease, will become more of a problem with the increase risk of bush fires, while pneumonia may increase with ground level ozone. These There may also be an increase in allergies from pollen (Health effects of climate change in the UK, 2012. [http://www.hpa.org.uk/webc/HPAwebFile/HPAweb\\_C/1317136678229](http://www.hpa.org.uk/webc/HPAwebFile/HPAweb_C/1317136678229)).

-Increased flooding will have a detrimental effect on human health increasing injury, health risk due to poor housing conditions and through the disruption of regular medical care. Contamination of water is also a risk with flooding, leading to an increase in water-borne diseases.

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-Drought can have an adverse effect on human health. With drought comes an increase in food price, the effects of which will be felt most strongly among those with lower socioeconomic groups, who will become less likely to be able to afford nutritious food.

-Mental Health issues will also increase with climate change, and we are likely to see increased rates of stress and depression as has been seen with farmers facing severe drought ( Nicholls N, Butler C, Hanigan I. Inter-annual rainfall variations and suicide in New South Wales, Australia. *Int J Biometereology*. 2006, 50(3): 139-43.)

- NZNO believes Aotearoa NZ needs to be adequately prepared for climate refugees. Associated health impacts may include overcrowded housing related illnesses if we are not adequately prepared. There may also be a risk for a greater number of cases of illnesses that are currently less common in Aotearoa NZ such as tuberculosis.

-NZNO believes we have a moral obligation to act to prevent the huge potential of harm to human health from climate change. Particularly as those who will be most severely affected are likely to be children and elderly populations, Maori and Pasifika people, people with disabilities and people from lower socioeconomic groups. (H Bennet et al, Health and equity impacts of climate change in Aotearoa-New Zealand, and health gains from climate action, *NZMJ*, 127.1406 (Nov 28, 2014): 16-31).

-NZNO would also like to reiterate concerns of taking into account not just the cost of addressing climate change but the cost of doing nothing, and also the cost co-benefits of taking action on climate change. Co-benefits include those relating to better health outcomes. For example, from an increase in active transport such as walking and cycling, improved health by an investment in housing and greater health from a shift towards more plant-based diets.

-Finally NZNO would like to note the recent Royal Society of New Zealand's report: Climate Change Implications for New Zealand (<http://www.royalsociety.org.nz/expert-advice/papers/yr2016/climate-change-implications-for-new-zealand/>) , which states:

"All aspects of food security are potentially affected by climate change, including food access, utilization, and price stability.

- Climate change over the 21st century is projected to increase displacement of people.
- Climate change can indirectly increase risks of violent conflicts in the form of civil war and intergroup violence by amplifying well-documented drivers of these conflicts such as poverty and economic shocks.
- The impacts of climate change on the critical infrastructure and territorial integrity of many states are expected to influence national security policies"

NZNO recommends the introduction of robust legislation such as the Climate Change Act implemented in the United Kingdom in 2008 as the primary tool for helping Aotearoa New Zealand to reduce our emissions, and for this to work in place alongside other tools such as the emissions trading scheme. We also call for mandatory health impact assessments (HIA) of all aspects of government and public policy, to determine the impact of climate change. A comprehensive HIA should be a vital part of determining a target for climate change emissions in Aotearoa NZ.

Name [REDACTED]

Organisation (if applicable) New Zealand Nurses Organisation

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