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To: NZETSReview@mfe.govt.nz
Subject: 00096 Submission on ETS and carbon issues
Date: Friday, 19 February 2016 12:21:52 p.m.

1. I agree with drivers for the review but think it is timely that NZ look far deeper and more effectively at where it is going with its carbon emissions.

In my view if we are to make the changes required in order to address this issue, there should be a wider group making recommendations for Government, that will take it outside political boundaries.

Further, the ramifications of effective policy mean that we can not depend on any real 'business as usual' scenario; and this needs to be made clear by all political groups. If politicians do not see a need to make effective change they should declare that, and allow a full narrative around climate change to be made honestly.

2. The Govt. should still consider scrapping the ETS!

In its current form it is clearly both unworkable in a number of aspects, and creating massive distortions in the market.

A reconsideration of a universal gradually increasing carbon tax, offset by reductions in other taxes such as GST; is likely to be far easier and cheaper to enforce and have minor revenue, financial and cost considerations while still providing an avenue for tax payers to have changes in carbon emissions easily seen and able to be acted on.

3. 'Full surrender' obligations should be made over a 5 year time frame to allow for business adjustment.

This should include the whole farming industry also but EXCLUDE livestock emissions. Once it is clear that livestock emissions have a relatively clear pathway to achieve some negation, then farmers should be provided with the means and coercion to implement such pathways.

4. I run a forestry and farming business. The forestry component is ETS compliant (registered). I also manage the Headworks a reasonable sized rural water scheme in Taranaki.

The impact of providing for carbon costs is I believe a responsibility of business today, and I am aware of a number of ways I and other investors can manage that financial risk. I am also keen to see carbon become a real factor in business decisions, as this will drive business development in areas that exist in a smaller way today. Without an adequate C-price future generations and the environment are being asked to subsidise our current lifestyle.

In other words there will be costs, but I am happy to act sensibly to limit them. I currently look at carbon costs and have considered gaining qualifications to more accurately assess them and provide for others to be able to do so.

Price shocks should be managed by allowing clear forward planning. A phased in approach with appropriate levels of information from research, but also the knowledge/technology market as it exists at the moment is enough in my view to manage that risk. I can think of many examples, the ubiquitous plastic bag for example being a good example of where a renewable resource could and should once again provide the means for people to provide for carrying items they need. This is somewhat simplistic I agree, but relevant in a very simple way.

5. Carbon has not to date been a consideration in my forestry decision making. However I am aware that initially in my view the NZ forestry industry was seen as a way for NZ to 'do nothing'! I consider that

those who have planted trees and chosen that land/investment use should retain all the rights of carbon, and those rights should be based on a freely internationally traded price.

If we can sign up to an international trade deal negotiated in secrecy, we should allow the global market to determine any carbon price.

6. To date the ETS has only been a cost to our forestry investments. I have found the process of registration to be difficult, and where I have attempted to show honesty in growth rates (of different species) this has not fitted 'the one fit for all' scenario.

However, I HAVE HAD GREAT HELP AND VERY GOOD SERVICE from the people in the government service involved. (Dunedin/Wellington based I think).

7. I believe that once set up a form of carbon taxation or otherwise should be left to the market. Continued govt. involvement is likely to be disastrous. The key to this is getting it right first time and independently of the political process at a major level.

I would include involvement of groups such as <http://wiseresponse.org.nz/> as being critical to get this right. A paid decision making body should also include a group representative of existing younger people who have a track record giving time to this issue.

Further, all major spending decisions by govt, relating to housing, roading, rail, technology and so forth should be made on a carbon based common funding scenario.

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