



29 April 2016

NZ ETS Review Consultation
Climate Directorate
Ministry for the Environment
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SUBMISSION ON DISCUSSION DOCUMENT – NEW ZEALAND EMISSIONS TRADING SCHEME REVIEW

The Environmental Defence Society (**EDS**) makes the following 3 points in this submission on the ETS Review.

Scope of review

The scope of the review should have included the position of agricultural emissions in the ETS. Agriculture accounts for 48% of our emissions.

In our view agriculture should be brought into the ETS on a progressive timeline over 3 years. This would ensure that the sector is no longer shielded from its liabilities by taxpayers effectively providing a subsidy. If agricultural emissions are included, the ETS would fulfil its potential of an all-sectors, all gases scheme. Further, the correct price signals would help ensure that the costs of carbon emissions are properly factored into land-use decision-making.

It is not correct to say that the sector can't do anything to reduce emissions. If it faced a carbon price that would focus minds on farming inputs, on the intensity of land use and on choices of what to do with the land.

Forestry

EDS supports an ETS configuration that properly incentivises carbon sequestration. The ETS has failed the forestry sector to date by promising more than it has delivered in terms of an adequate price.

We have noted the recent publication by Pure Advantage that has called for large-scale afforestation to provide a bridge towards the achievement of a decarbonised economy and real gross emission reductions.

However we contend that there is an opportunity that has been overlooked in the discussion around the role of forestry in the ETS. That opportunity is to factor into

the carbon value, the accompanying biodiversity benefits. If a hybrid model that included the biodiversity co-benefits was clipped into the ETS it could be a powerful incentive to plant both permanent indigenous forests (with their greater ecosystem services yield) and perhaps even some commercial indigenous forests for sustained yield logging. The large tracts of Maori and private land could usefully be deployed in this way.

EDS does not support an ETS configuration that would lead to a massive expansion of monoculture pine plantations across New Zealand's landscape. That can destroy landscape quality and diminish the experiences for our biggest export earner, tourism.

The related spread of wilding pines into valued landscapes in Central Otago and elsewhere also needs addressing. The ETS must not incentivise the spread of these troublesome weeds.

We would encourage a joined-up approach across the whole of government to ensure that the ETS does not lead to perverse outcomes for the wider environment. In particular, we contend that the ETS reviewers should liaise directly with DOC and take the opportunity of designing policy that incentivises good environmental and emission reduction outcomes.

Transition pathway

EDS supports the establishment of a Climate Forum of key stakeholders to help plan the transition to a low carbon economy. New Zealand needs to set its ETS within a wider panoply of measures that will work synergistically to bring carbon emissions down in order to achieve the Paris Targets.

We accept that there is also a need for technical advisory groups to focus on shorter-term issues.

Yours sincerely



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