

Climate Change Response (Emissions Trading Reform) Amendment Bill

Submission by Climate Justice Taranaki Inc. 17 January 2020

In 2016, Climate Justice Taranaki Inc. (CJT) submitted on the Emissions Trading Scheme (ETS) consultation that the ETS be repealed, based on the following reasons:

- The ETS has not reduced greenhouse gas emissions
- The ETS should not be the main tool for reducing emissions
- The ETS offers perverse subsidies to polluters
- Carbon credits are permits to pollute and the ETS is little more than a scam
- We can't solve problems by using the same kind of thinking we used when we created them¹

Our view remains the same and we take this opportunity to reiterate our concerns by highlighting the problems associated with the proposed reform:

1. The free NZUs^{2, 3} given to 'emissions intensive and trade-exposed' industries render the ETS useless in curbing emissions from major emitters, notably steel, aluminium, methanol, cement and urea fertiliser plants. The levels of free NZUs at 90% of the estimated costs that the ETS places on the activity for highly, and 60% for moderately, emission-intensive activities are ludicrously high.
2. The proposed phase-down rate of 0.01 annually (2021-2030) for industrial allocation is pitiful, especially with the eight years of delay and the fact that other jurisdictions are increasingly pricing their own emissions, even though the latter is rarely stringent enough to rein in emissions⁴.
3. The measurement and reporting of emissions intensive industries are far from accurate or transparent. They rely heavily on self-reporting and data are often hidden as 'commercially sensitive information', such as data from Methanex. Moreover, emissions from urea production in Taranaki are likely to be under-reported, as similar operations in the US have recently been found to emit over ten times more methane than reported⁵. Importantly, synthetic nitrogen fertilizers also promote the loss of soil carbon and organic nitrogen⁶.
4. In regards to forestry, why is the restriction from clear-fell harvesting of so-called 'permanent forest' only 50 years? Why not 100 years or longer?
5. The proposed inclusion of agricultural emissions from 2025 with 95% of free allocation is pointless, when they (methane and nitrous oxide) make up nearly half of NZ's total reported GHG emissions.
6. It is possible to consider incorporating the level of soil carbon on farms in the ETS to encourage improvements in farming practices that facilitate carbon sequestration⁷. But accurate measurement of soil carbon^{8, 9, 10, 11} is costly and problematic due to technical complexity, natural variability and disturbance from weather events and management.

Our recommendations are as follows:

7. Rather than wasting more money and time on rejigging the ETS, rapidly phase out the ETS. Instigate and invest in programs, fiscal rearrangements, regulatory framework and on-ground efforts that actually reduce emissions.
8. Redirect all fossil fuel tax breaks, subsidies and any form of incentives from coal, oil, gas and other emissions intensive industries to renewable energies and climate resilience and adaptation initiatives, at the community, regional and national levels.
9. Introduce a feed-in tariff policy to incentivise renewable energy production by households, communities and companies, thereby reducing the demand on fossil fuels and increasing renewable

energy availability to support peak demands, electrification of transport and to foster energy security.

10. Mandate and support farmers in transitioning onto regenerative agriculture¹² which sequesters carbon¹³, minimizes synthetic fertiliser and imported feeds, improves water quality, enhances biodiversity¹⁴, diversifies production and builds food and community resilience¹⁵.
11. Introduce a wealth tax, such as on individuals with over \$8 million of net wealth¹⁶, to raise revenues for the above initiatives, assist low income earners who are disproportionately impacted by the transition towards zero carbon, and support vulnerable Pacific Islands nations.

¹ https://www.brainyquote.com/quotes/albert_einstein_385842

² <https://www.epa.govt.nz/industry-areas/emissions-trading-scheme/industrial-allocations/decisions/>

³ <https://www.mfe.govt.nz/sites/default/files/media/Climate%20Change/industrial-allocation-cabinet-paper.pdf>

⁴ <https://www.propublica.org/article/cap-and-trade-is-supposed-to-solve-climate-change-but-oil-and-gas-company-emissions-are-up>

⁵ <https://www.elementascience.org/articles/10.1525/elementa.358/>

⁶ <https://grist.org/article/2010-02-23-new-research-synthetic-nitrogen-destroys-soil-carbon-undermines/?fbclid=IwAR3XykOgx6zyYL4A9DPjELOdlrmHDKyXk-aBo0wbu9Mm-DQdzu8F-u510Bc>

⁷ <https://www.agric.wa.gov.au/climate-change/soil-organic-carbon-and-carbon-sequestration-western-australia>

⁸ <https://www.agric.wa.gov.au/soil-carbon/measuring-and-reporting-soil-organic-carbon>

⁹ <http://www.futuredirections.org.au/publication/measuring-soil-carbon-soil-carbon-change/>

¹⁰ <https://www.mfe.govt.nz/climate-change/state-of-our-atmosphere-and-climate/measuring-greenhouse-gas-emissions/measuring-soil>

¹¹ <https://soilcarboncoalition.org/files/MeasuringSoilCarbonChange.pdf>

¹² <http://www.regenerativeagriculturedefinition.com/>

¹³ <https://www.weforum.org/agenda/2019/07/agriculture-climate-change-solution/>

¹⁴ <https://www.stuff.co.nz/business/farming/115485719/collateral-good-farmers-address-emissions-and-productivity>

¹⁵ <https://thespinoff.co.nz/business/04-11-2019/with-the-walls-closing-in-regenerative-farming-is-a-way-forward-for-agriculture/>

¹⁶ https://www.stuff.co.nz/business/opinion-analysis/118534770/why-an-increasingly-unequal-new-zealand-needs-a-wealth-tax?fbclid=IwAR1R_zpMVOLwkPBhmqf23PNSaJdzE0mlk4_0Qhdw0k-XcM_U2m43Cv2KWK0