Interim Climate Change Committee

Hui thought starters | 21 February 2019

CONFIDENTIAL DRAFT – not ICCC policy

Hutia te rito o te harakeke, kei hea rā te kōmako e kō?

Kī mai ki ahau, he aha te mea nui o te Ao?

Māku e kī atu, he tangata, he tangata, he tangata!

Who?

Attending the hui are key Māori thought-leaders.

What?

Your input is important in shaping our final analysis on how to transition to a low-emissions future in New Zealand.

This is an opportunity to share your views and thoughts around our emerging thinking.

We need to make sure our recommendations do not disproportionally impact Māori and are consistent with the Crown Māori partnership.

Why?

The Interim Climate Change Committee (ICCC) is an independent committee advising Government on two key questions:

- how to deliver efficient emissions reductions in the agricultural sector that are consistent with the Government's objective for a just transition
- how to plan the transition to 100% renewable electricity by 2035 (which includes geothermal) in a normal hydrological year.

The nature of the questions we've been asked to investigate means our focus is on the CAUSES of climate change, as opposed to the longer term CONSEQUENCES of climate change. In April we will hand over our final analysis to Government.

Iwi/Māori are uniquely placed to play an important role in the transition to a low-emissions future with significant asset value concentrated in the primary industries of farming, fishing, forestry and increasingly in geothermal energy.

For more information: www.iccc.mfe.govt.nz

Agriculture

Reducing agricultural emissions

Agricultural activities create greenhouse gas emissions, specifically nitrous oxide and methane. There are options for reducing these emissions, many of which have strong links to increasing productivity through improving animal performance and farm efficiency. Agricultural emissions management therefore needs to become part of broader farm management.

However, most farmers do not know what their on-farm emissions are or how to reduce them. Support through multiple channels is needed to help farmers and their advisers (vets, accountants and rural professionals) learn about these issues. Integrating climate change into Farm Environment Plans will also be a crucial tool for facilitating this. But these will not be enough to encourage farmers to make the most of available emissions reduction opportunities.

Regulating emissions

Our analysis indicates that a well-designed emissions pricing policy is the most cost effective way to regulate emissions. Pricing creates a market driver so that it makes good financial sense to reduce emissions.

The accountability for emissions from livestock should ultimately be at the farm as this provides farmers with full flexibility to respond. We have heard that minimising complexity for the 20,000-30,000 mostly small and medium-sized, often family-run farming businesses is important. The simplest way to price emissions would be a levy. 95 per cent free allocation provides a means to lessen costs to manage social impacts.

Farm-level greenhouse gas calculation, reporting and user-friendly systems need to be established to support this. This is feasible, but not in the short-term. In the meantime, pricing emissions through the NZ ETS at processor-level would help get the ball rolling and provide impetus for the sector and the Government to collaborate on the necessary on-farm systems.

For emissions from fertiliser, the added complexity of accountability at farm-level is not justified, because it does not improve incentives or outcomes compared to pricing at importer/supplier-level.

Any of the available pricing options (single or dual cap NZ ETS, a quota system or a levy) could reflect different targets for short and long-lived gases.

Driving change

Any funds generated by pricing agricultural emissions should be directed to building capability among farmers and their advisers.

A dedicated fund with clear priorities and transparent governance could be established to do this.

The Government currently invests in research to develop new technologies and ways to reduce emissions. The existing channels for funding these activities should continue, and be expanded, as other budget priorities allow.

We'd like to hear your thoughts

We have identified the following areas of analysis specific to Iwi/Māori:

- Land use governance and decision making challenges presented by Te Ture Whenua Māori Act
- The high proportion of less versatile land held by Māori, and whether emissions pricing would disproportionately disadvantage owners of these land classes
- Design of policy to mitigate negative impacts on Iwi/Māori aspirations
- The potential socio-economic impacts of pricing biological emissions on communities Māori live in
- Skills, training and extension needed to support Iwi/Māori.

Electricity

New Zealand's electricity system is currently about 82% renewable and represents about 5% of New Zealand's total greenhouse gas emissions.

Provisional modelling results show that New Zealand is currently on track to reach about 93% renewable generation by 2035.

Removing the last 7% – taking us all the way to 100% renewable electricity – is the big challenge.

A highly-renewable electricity system presents a dry year challenge. While there are a range of technically-feasible longer-term storage solutions to deal with a dry year without using fossil fuels, it is currently prohibitively expensive to do so.

At 93% renewable by 2035, electricity will represent about 4% of total emissions, and gains from pursuing ever higher levels of renewability are relatively small.

Other energy emissions are much more significant. Transport emissions are currently four times larger than electricity emissions (about 20% of all emissions and rising) and process heat emissions are nearly twice as large (about 10% of all emissions).

Emissions reductions will only succeed when based on a foundation of affordable, abundant and secure electricity for all.

Instead of focusing on the last 8%, New Zealand has a major opportunity to use its abundant renewable electricity to get more bang for our buck – using this electricity to reduce emissions from transport and process heat.

We are continuing to test our emerging ideas before drawing final conclusions. But, two examples of areas in which we are likely to make recommendations on how the electricity system can support emissions reductions are:

Ambitious transport targets and policies to encourage electric vehicle (EV) uptake.

The choice of transport policy to encourage EV uptake could have significant impact on Iwi/Māori. Iwi/Māori are over-represented in low-income households and partial financial incentives (like a tax break) may make no real difference to the ability of Iwi/Māori to buy an EV.

We will be encouraging the Government to investigate ways to make EVs available to all. Solutions that have been effective in other places include EV car-sharing programmes specifically targeted to the needs of low-income neighbourhoods, or incentives to replace old, emitting vehicles with new or used EVs.

Changes to the regulatory system to make it easier to build new, or upgrade existing, wind farms, and increase certainty for hydro generation.

We'd like to hear your thoughts on issues relating to Iwi/Māori interests in natural resources that interact with renewable energy generation. These include:

- tension between maintaining existing levels of hydro generation and achieving freshwater management objectives in over-allocated catchments or those of special value to Iwi/Māori;
- waterways identified as Māori ancestral waterways or taonga may see changes to flows as a result of the implementation of the National Policy Statement for Freshwater Management; and
- uncertainty about how the Crown may seek to resolve Iwi/Māori proprietary rights and interests in freshwater (given Waitangi Tribunal is currently conducting the second stage of its inquiry). This issue also has implications for geothermal development, which we identify in our modelling as expanding in the future.

Your thoughts on our two key questions, any of the issues we've outlined above, and other issues you see as important for Iwi/Maori in the transition to a low-carbon economy are important to us. The timeline below shows opportunities for further engagement: