



**National Council of  
Women of New Zealand**

Te Kaunihera  
Wahine O Aotearoa

National Office  
Level 4 Central House  
26 Brandon Street  
PO Box 25-498  
Wellington 6146  
(04)473 76 23  
office@ncwnz.org.nz  
www.ncwnz.org.nz

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## **Submission to the Ministry for the Environment on the New Zealand Emissions Trading Scheme Review 2015/16**

The National Council of Women of New Zealand, Te Kaunihera Wahine o Aotearoa (NCWNZ) is an umbrella group representing 288 organisations affiliated at either the national level or to one of our 20 branches. In addition to our organisational membership, about 260 women are individual members of branches. NCWNZ's function is to represent and promote the interests of New Zealand women through research, discussion and action. This submission has been prepared by the NCWNZ Environment Standing Committee after consultation with the membership of NCWNZ.

### **Questions based on the Discussion Document**

The wording of some questions posed in the discussion document has been revised to be more relevant to our membership.

#### **1. Do you agree with the drivers for the review**

- 1.1. All but one of the respondents agreed with all four of the drivers, while one group agreed to the first three, but could not agree to the fourth because of not knowing enough about it.

#### **2. What other factors should the Government be considering in this NZ ETS Review?**

- 2.1. There should be an independent watchdog to make sure the scheme works the best it can to reduce emissions, and not be influenced by politics, big business or maximisation of profits before all else.
- 2.2. More public education about the operation of the ETS and the consequences of its operation is needed. At present there appear to be conflicting messages and erratic statistics around the operation of the scheme, depending on who is doing the research and what use that research is being put to. Associated with the need for more public education is the need for research and development into means of reducing emissions, so that collaboration amongst related sectors can be fostered, and they can work together, sharing information and discoveries that will allow unified stepping forward.
- 2.3. At some stage the agricultural sector, at present exempted from participating in the scheme, should be included, as the scheme, without agriculture, is less successful than it could be.

- 2.4. The potential positive influence of the ETS in doing our part to minimise the risk of catastrophic climate change should extend beyond the financial benefits. Overall care for the global environment requires bigger picture thinking.
- 2.5. It would help if the Government were to consider the capacity of other participating countries to manage or reduce their greenhouse gas emissions. This could include other countries' current levels of emissions, what their major industries are, their GDP contributors' reliance on fossil fuels, their economies, their population base and their major emitting sectors. With this knowledge, comparisons could be made against which New Zealand's capacity to make changes could be measured.
- 2.6. A rural respondent suggested that the Government should consider the differing resultant impacts on urban and rural populations that changing the current ETS rules might have. Incentivising changes that promote more use of public transport, bicycles and walking will be good for the urban environment, but rural dwellers don't have these options and for their travel must rely on private motor vehicles. New Zealand's present rural population would not support the rural rail and bus services that operate in more densely populated countries.

**4. [Revised] What impact do you think that raising the price of the trading units might have on businesses, and subsequently on consumers?**

- 4.1. Businesses have to absorb any increased costs of doing business, and in the case of small businesses, have little choice but to pass them on to consumers. Larger businesses are in a better position to introduce new technologies which may be costly initially, but can be amortised over time, and so their long-term planning may allow them not to pass on increased costs immediately. Small businesses therefore may suffer from loss of customer loyalty, and as they have not the resources to fall back on, may be forced to close down.
- 4.2. Increased costs of goods and services will impact more on low and fixed income groups. However, if price rises are gradual, there may not be a significant effect on consumers. From time to time, there are inevitable price rises for some goods and services, and they are generally tolerated. However, one respondent pointed out that if there were to be rapid and significant price rises for basic commodities such as milk and cheese, fruit and vegetables, the impact could cause hardship to low income households. This needs to be considered compassionately.
- 4.3. The independent watchdog mentioned earlier could, as one of its responsibilities, ensure that increased costs are fairly shared between industries and consumers, over a reasonable period of time.
- 4.4. One implication of *not* doing what we can to reduce emissions is that, if other countries similarly drag their feet, global temperatures will continue to rise.

**5. [Revised] If the price is to be raised, when do you think this should happen - 2016, 2017, 2018, other?**

- 5.1. Respondents think a start should be made as soon as possible, but the change should not be abrupt, but gradual over a period of years, to minimise possible detrimental effects. One respondent

suggested that a staggered introduction for different industries or sectors could be considered, each with a unique time frame, rather than have a blanket price rise.

**6. [Revised] If the NZ ETS moves to more stringent terms, should potential price shocks be managed?**

6.1. Respondents mostly said yes; managed in such a way as to minimise and make gradual the effects on consumers. One respondent was more cautious and stressed the need for careful planning before embarking on any changes.

**7. If they are to be managed, how should this be done?**

- a. **Maintain the fixed price option for trading units at \$25?**
- b. **Lower the fixed price option.**
- c. **Move gradually to a more stringent regime**
- d. **Other suggestions**

7.1. NCWNZ respondents mostly opted for option c, move gradually to a more stringent regime. One respondent called for transparency on the part of producers/providers of goods and services in explaining their increased costs and subsequent passing on to consumers, while suggesting that the Government has a part to play in this, by encouraging or even requiring that other costs and charges be balanced or lowered until the top charge is reached.

7.2. Another respondent chose option d, other suggestions; as she is concerned about the future for succeeding generations, she thinks that we need to move to a more stringent regime as soon as possible for the sake of the health of the planet.

7.3. A more stringent regime is needed, one that provides incentives to change but penalises those that seek to avoid responsibility for making the necessary changes that will help with lowering damaging emissions.

### **Additional Questions**

We also consulted our members on two further questions.

**A. Although the ETS is the Government's principal response to combating climate change, do you think that there might be more effective ways to manage New Zealand's obligation as a global citizen to reduce greenhouse gas emissions?**

A.1. Respondents, recognising that the ETS mainly relates to industry and business, suggested a range of changes from high level policy changes to personal and community responsibility. Education and information featured largely; there are still people who are indifferent to or ignorant about the need to make changes to the ways we manage our lives. In particular, New Zealanders need to be less wasteful; of energy, of resources animal, vegetable and mineral; of manufactured goods; and of fuels.

A.2. Environmental groups should be supported and encouraged to promote the work they are doing so that more people become involved in their projects. Universities and government institutions should

be well supported to carry out scientific research that can offer solutions to the problems that our way of life has created. The results of research can be shared with other countries to help them either solve or avoid the problems of over-consumption.

- A.3. At the personal and domestic levels, such things as insulation of homes and greater use of solar power and other renewable energy sources will reduce the amount of energy our activities release, as well as the amount of emissions we produce. The benefits of recycling and re-using need to be widely promoted.

**B. What impact does the NZ ETS have on women?**

- B.1. If changes to the ETS that increase costs generally are made, it will impact considerably on those women who manage single adult households on a small income. It will also impact rather more severely on older women who, as the result of having had a lifetime of lower wages, have not saved enough to have more than limited financial resources. Women who run small businesses may find it difficult to cope with increased costs of production and operation, and the possible reluctance of lenders to extend credit.

In conclusion, NCWNZ is supportive of any measures that this country may undertake to fulfil a national responsibility for reducing greenhouse emissions, and if the ETS can be tightened up so as to put pressure on the emitters to change their ways of operating, NCWNZ will be pleased to offer encouragement.



Rae Duff  
National President



Elizabeth Lee  
Convener, Environment Standing Committee