



NEW ZEALAND COLLEGE OF PUBLIC HEALTH MEDICINE



Committee Secretariat
Environment Committee
Parliament Buildings
Wellington 6160
Phone: 04 817 9520
en@parliament.govt.nz

17 January 2019

Submission to the Environment Committee:

Climate Change Response (Emissions Trading Reform) Amendment Bill

The New Zealand College of Public Health Medicine and the Public Health Association of New Zealand would like to thank the Environment Select Committee for the opportunity to make a submission on the Climate Change Response (Emissions Trading Reform) Amendment Bill.

The New Zealand College of Public Health Medicine (the College) is the professional body representing the medical specialty of public health medicine in New Zealand. We have 223 members, all of whom are medical doctors, including 178 fully qualified Public Health Medicine Specialists with the majority of the remainder being registrars training in the specialty of public health medicine.

Public Health Medicine is the branch of medicine concerned with the assessment of population health and health care needs, the development of policy and strategy, health promotion, the control and prevention of disease, and the organisation of services. The College partners to achieve health gain and equity for our population, eliminating inequities across socioeconomic and ethnic groups, and promoting environments in which everyone can be healthy.

The Public Health Association of New Zealand (PHA) is a national association with members from the public, private and voluntary sectors. Our organisation's vision is 'Good health for all - health equity in Aotearoa', or 'Hauora mō te katoa – oranga mō te Ao', and our purpose is to advocate for the health of all New Zealanders. To achieve this, we provide a forum for information and debate about public health action in Aotearoa New Zealand. Public health action aims to improve, promote and protect the health of the whole population through the organised efforts of society.

We recognise Te Tiriti o Waitangi as Aotearoa New Zealand's founding document, defining respectful relationships between tangata whenua and tangata Tiriti, and are actively committed to supporting Te Tiriti values in policy and legislation.

We endorse, in full, the submission by OraTaiao: The New Zealand Climate and Health Council. We attach this in its entirety. Please read this as our own.

Fundamentally, as a health professional organisation, our three key points are that:

1. The ETS should truly align with the emissions trajectory required for NZ to do its fair share consistent with < 1.5 degrees of global heating. This is where it is urgent that global emissions in fact halve over this decade to 2030, and where NZ concurs with the internationally agreed principle that wealthier countries like NZ need to move faster;¹
2. The need to particularly strengthen the ETS in those areas where there are clear health and equity co-benefits – eg. agriculture and healthier diets; and
3. The design of the ETS must ensure the adverse impacts on social equity and health equity are fully mitigated.²

The College and the PHA therefore call for the following principles to underpin the ETS:

1. That all sectors and all gases are included, with rapid phaseout of free allocations and other hidden subsidies equally across all sectors to ensure our reductions in emissions meet our fair share in limiting global heating to 1.5 degrees - a simple, consistent and fair approach to emitting sectors.
2. That a particular focus should be on separately ensuring that the revised ETS does not undermine the government's obligations to te Tiriti o Waitangi, that iwi are compensated for impacts on the value of Treaty claims, and that impacts are turned into opportunities for iwi and Māori communities.
3. That inequities are considered across society, prioritising wellbeing and social inequities that accrue by income and ethnicity at a household level, rather than focussing on perceived inequities between industry groups.

The ETS needs to be a scheme that is simple and consistent and where all emissions are priced according to their global heating potential, and if industries are unduly affected that is dealt with separately. This should apply to all sectors (eg. emissions-intensive trade-exposed (EITE) industries as well as agriculture), so that everyone is exposed to the appropriate price signals, and even in the 'difficult' industries there is a strong incentive to move towards low-emissions ways of doing business necessary for human survival.

¹ New Zealand College of Public Health Medicine. Background to the NZCPHM's stance on setting national GHG emissions targets. Supplement one to: New Zealand College of Public Health Medicine. NZCPHM Policy Statement on Climate Change. Wellington: NZCPHM, 2018. (https://www.nzcphm.org.nz/media/85324/2018_revised_supplement_1_cc_policy.pdf)

Metcalfe S, for the New Zealand College of Public Health Medicine and OraTaiao: The New Zealand Climate and Health Council. Fast, fair climate action crucial for health and equity. Editorial. N Z Med J 2015;128(1425):14-23. (http://www.nzma.org.nz/_data/assets/pdf_file/0011/45929/Ed-MetcalfeFINAL1425.pdf)

² New Zealand College of Public Health Medicine. NZCPHM Priority Actions for Climate Health 2018. Wellington: NZCPHM, 2018. (https://www.nzcphm.org.nz/media/125650/priority_actions_for_climate_health.pdf)

Thank you for the opportunity for the NZCPHM and PHA to submit and for the Select Committee's consideration. We hope the OraTaiao submission that we endorse, and our own supplementary feedback, is helpful. We can happily provide further clarification as needed.

Sincerely,

A handwritten signature in black ink, appearing to read 'FD', with a stylized flourish at the end.

Dr Felicity Dumble, President, NZCPHM

A handwritten signature in black ink, appearing to read 'Prudence Stone', written in a cursive style.

Dr Prudence Stone, CEO, PHANZ



Submission to the Climate Change Response (Emissions Trading Reform) Amendment Bill

January 2020

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OraTaiao: New Zealand Climate & Health Council

Cover image: Dan Freeman / Unsplash

Foreword

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Phone: 04 817 9520
en@parliament.govt.nz

17 January 2020

Submission on the Climate Change Response (Emissions Trading Reform) Amendment Bill and Supplementary Order Paper 413

To the Committee Secretariat, Environment Committee,

Thank you for the opportunity to have input on this bill. OraTaiao is a politically non-partisan incorporated society with over 700 health professional members. [Our Call to Action on Climate Change and Health](#) is supported by 18 health professional organisations including the NZ Medical Association, Tōpūtanga Tapuhi Kaitiaki o Aotearoa / New Zealand Nurses Organisation (NZNO), the Public Health Association, the NZ Psychological Association, the Royal New Zealand College of General Practitioners, and a number of specialist colleges.

This submission is endorsed by the New Zealand Medical Association, Tōpūtanga Tapuhi Kaitiaki o Aotearoa / New Zealand Nurses Organisation (NZNO), the Public Health Association of New Zealand, and the New Zealand College of Public Health Medicine.

[The bill](#) is important for public health, since it is the central policy platform by which NZ's domestic emissions will be priced and reduced. NZ's role in reducing global emissions is vital for protecting the health and wellbeing of current and future generations. In addition, well-designed pathways for reducing our emissions provides arguably the greatest opportunity to improve public health and health equity this century.

In 2018 [OraTaiao submitted](#) on the 'Improvements to the NZ Emissions Trading Scheme (ETS): Consultation Document 2018'. It is encouraging to see that many of our recommendations at this time have been incorporated into the draft bill, including a cap on emissions units, a sinking lid mechanism and the phasing out of industrial allocation of free units. We remain concerned however about the ongoing delay in integration of agriculture into the ETS, the slow phase down of free units to industry and the lack of a mechanism to recycle revenue from the sale of New Zealand Units to support a low carbon transition for those most likely to be impacted by the changes - low income, Māori and Pacific households.

We therefore argue, as a health professional organisation, for the following three principles to underpin the ETS:

1. That **te Tiriti o Waitangi provides the constitutional framework** for the governance, development and implementation of New Zealand's Emissions Trading Scheme, by which we mean the Articles and concepts in the Māori translation: rangatiratanga, mana and tikanga; kāwanatanga; and

oritetanga. Further, that a particular focus should be on separately ensuring that the revised ETS does not undermine the government's obligations under Te Tiriti o Waitangi, that impacts and co-benefits are considered broadly across aspects of Hauora Māori, that iwi are compensated for impacts on the value of Treaty claims, and that impacts are turned into opportunities for iwi and Māori communities.

2. That **all sectors and all gases are included**, with rapid phaseout of free allocations and other hidden subsidies equally across all sectors to ensure our reductions in emissions meet our fair share (as a wealthy nation) in limiting global heating to 1.5 degrees – a simple, consistent and fair approach across all emitting sectors.
3. That **inequities** are considered across society and dealt with separately from the ETS (for example in the recycling of auction revenue and savings from fossil fuel and agricultural subsidy removal), prioritising wellbeing and social inequities that accrue by income and ethnicity at a household level, rather than focussing on perceived inequities between industry groups.

For detail on these points, please see our recommendations below.

We would welcome the opportunity to present orally to the Select Committee.

Ngā mihi,



Dr Alex Macmillan
OraTaiao Co-convenor
alex.macmillan@otago.ac.nz
021 322 625

About OraTaiao

OraTaiao: The New Zealand Climate and Health Council is an organisation calling for urgent, fair, and Tiriti-based climate action in Aotearoa; we recognise the important co-benefits to societal health, well-being and fairness that are possible via strong mitigative action.

OraTaiao is made up of more than 700 health professionals who are concerned with:

- The negative impacts of climate change on health, well-being, and fairness;
- The gains to health, well-being, and fairness that are possible through strong, health-centred climate action;
- Highlighting the impacts of climate change on those who already experience disadvantage or ill-health (i.e. equity impacts);
- Reducing the health sector's contribution to climate change.

In addition to individual members, we have the backing of all of New Zealand's leading health professional organisations for our [Health Professionals Joint Call to Action on Climate Change and Health](#), including the New Zealand Medical Association, Tōpūtanga Tapuhi Kaitiaki o Aotearoa / New Zealand Nurses Organisation (NZNO), the New Zealand Psychological Society, and the Public Health Association, as well as most of the medical specialist Colleges. Together, these organisations represent over 70,000 regulated health workers.

As an organisational member of the Board of the Global Climate & Health Alliance, we are part of a worldwide movement of health professionals and health organisations urgently focusing on the health challenges of climate change and the health opportunities of climate action. OraTaiao signed the Doha Declaration on Climate, Health and Wellbeing of December 2012, which reflects an international perspective. OraTaiao is also a member of the Global Climate and Health Alliance.

We honour Māori aspirations, are committed to the principles of Te Tiriti o Waitangi, and strive to reduce inequities between Māori and other New Zealanders. We are guided in our practice by the concepts of kaitiakitanga (guardianship), kotahitanga (unity), manaakitanga (caring), and whakatipuranga (future generations).



Recommendations

The current Emissions Trading Scheme is grossly inadequate to address the urgency and seriousness of climate change. It fails to provide sufficient mechanisms for the New Zealand government and society to manage a just transition to a low emissions society and fulfil our obligations not only to New Zealand but also to our Pacific neighbours and the rest of the world.

1. We commend successive Governments for the robust consultation process and clearly signalling to the market the proposed reforms to the Emissions Trading Scheme (ETS).
2. We support the intent of the planned changes to the ETS to deliver meaningful greenhouse gas (GHG) emissions reductions in Aotearoa/New Zealand in conjunction with the recently introduced Climate Change Response (Zero Carbon Act) Amendment Bill.
3. We support alignment of the ETS with Aotearoa/New Zealand's commitments under the Paris Agreement to achieve greenhouse gas emissions reductions consistent with global heating of no more than 1.5 degrees Celsius.
4. We strongly agree with the introduction of a cap on New Zealand Emissions Units available via an auction mechanism. We also strongly agree with the 'sinking lid' approach to unit availability in keeping with the emissions budgets set under the Zero Carbon Act. This has the potential to create a true cap and trade system with the ability to drive meaningful greenhouse gas (GHG) emissions reductions.
5. The ETS should remain closed to international units. We need to show leadership in the international arena by fully meeting our emissions budgets through domestic emissions reductions and removals. We should not rely on other countries reductions to meet our goals. This will also create transparency and accountability in the ETS. We support the plan to cancel dubious international units that currently exist.
6. We strongly recommend a more rapid phasing out of free allocation of units to emissions intensive, trade exposed (EITE) industries than is currently proposed. The current rate of phase down is not consistent with the rapid decarbonization of industry that is required to address the climate crisis and meet the ambitions of net zero emissions in Aotearoa/New Zealand by 2050. Current free allocation of units represents a subsidy by the Government of climate pollution by industry. Many of these industries are overseas owned and highly profitable. A mechanism to recycle New Zealand Unit revenue to support the decarbonisation of EITE could mitigate concerns about costs to industry and carbon 'leakage' (see section below on carbon leakage) as well as safeguarding the employment of New Zealanders in these industries. The continuing free allocation of units with a slow phase down, together with a delay to the inclusion of agricultural emissions (coupled with 95% free allocation on introduction of agricultural emissions – see comments below), will use up an increasing share of New Zealand's carbon budget and will likely exceed future carbon budgets.
7. We support the changes to forestry rules that support afforestation in particular the changes that will incentivise farmers to plant trees on marginal agricultural land. It will be essential that farmers have access to alternative income as part of the necessary transition from animal agriculture to horticulture, cropping and forestry that must occur in New Zealand as indicated in the Productivity Commission's

Report on a Low Emissions Economy (August 2018). The ability to generate income from planting forests on farmlands will help with income diversification as they undertake the necessary transition away from animal agriculture. However, the planting of plantation forestry comes with significant co-harms. Conversely, native afforestation brings a myriad of benefits for human wellbeing and biodiversity. We therefore argue strongly that the ETS should differentiate afforestation and incentivise permanent indigenous afforestation over plantation forestry.

8. We strongly support the introduction of agriculture into the ETS but disagree with the length of time given to include these emissions (proposed inclusion date 2025). The allocation of free units proposed upon introduction of agriculture is too generous (95%) and negates the introduction of agriculture into the ETS.

Reductions in biogenic methane need to align with IPCC scenarios for no or limited overshoot, without heavy reliance on negative emissions technologies (e.g. bioenergy with carbon capture and storage, or BECCS) which have not yet been deployed at scale. These two IPCC scenarios (referred to as 'P1' and 'P2' in the IPCC Global Warming of 1.5°C Summary for Policymakers) are instead focussed on measures to reduce the production of GHGs in the first place and therefore carry less risk of exceeding 1.5 degrees of heating. Importantly, both of these scenarios take early and concerted mitigative action against climate change, with cuts to agricultural methane emissions occurring mainly via land-use change.

A stronger biogenic methane target would also provide an opportunity to lower the burden of a number of diseases (e.g. cardiovascular disease, certain cancers, and diabetes) by reducing population-level intake of red and processed meat, while also future-proofing our primary industries through market diversification.

We have previously recommended, in our submission on the Climate Change Response (Zero Carbon) Amendment Act, that the Government set stronger and less risky biogenic methane reduction targets, in line with IPCC scenarios that take early and concerted climate action (24-48% by 2030 (relative to 2010), and 33-69% by 2050 (relative to 2010)). The proposal to introduce agriculture in 2025 and the planned initial allocation of 95% free units is not strong enough action to achieve this necessary level of reduction in agricultural emissions.

9. A mechanism to recycle New Zealand Unit revenue to support farmers reduce farm level greenhouse gas emissions (similar to the proposal in point 6. for EITE) should be considered as part of the bill. This is consistent with the principle of a 'just transition'.
10. We agree with the plan to measure livestock emissions at farm level and fertilizer emissions at processor level. It is important to reward individual farmers who take the necessary measures to reduce GHG emissions on their farms through a farm level measurement framework.
11. Our major concern is the ETS will worsen social and health inequities for households, by income and ethnicity, that currently exist in Aotearoa/New Zealand by increasing costs of food, transport and energy. These costs will disproportionately impact those in our community who can least afford them – in particular elderly, disabled, low income, Māori and Pacific New Zealanders. The most vulnerable in NZ will and are being hit 'first and worst' by climate change¹. These impacts could be mitigated by recycling

¹ Bennett H, Jones R, Keating G, Woodward A, Hales S, Metcalfe S. Health and equity impacts of climate change in Aotearoa-New Zealand, and health gains from climate action. N Z Med J. 2014 Nov 28;127(1406):16-31. <https://www.nzma.org.nz/journal/read-the-journal/all->

revenue from the purchase of New Zealand emission units to support these communities as we transition to a zero carbon future. Currently, such a mechanism is not identified in the bill. It is essential that these impacts, and targeted assistance to mitigate them, be addressed concurrently with the introduction of the ETS changes. Recent experience overseas (France and Chile) clearly indicates the importance of ensuring the most vulnerable are not adversely affected and indeed benefit (through co-benefits to health) from decarbonization of our society.

12. We agree with the strengthening of the compliance regimen and the public availability of information on participants' emissions and removals.

We have some further specific comments to make about the issue of emissions leakage below.

Addressing the “issue” of emissions leakage

There is a dominant discourse in ETS reform about the risk of emissions leakage. We consider this to be based on flawed logic, particularly as a small, open economy, and therefore this non-argument should not interfere with our response to the climate change and health emergency. We have the following reasons for arguing this:

- As a small open economy, prices within NZ are set by the global market: we are a “price taker” not a “price maker”. This has two results of relevance:
 1. Manufacturers and producers will be setting domestic prices to compete with the global market and they are as much influenced by this as the cost of production;
 2. Our impact on global prices and production is negligible.
- If costs go up, consumption reduces – which is not a bad thing for wellbeing or climate pollution.
- Price is not the only thing that drives competitiveness in the global market. We are competitive not as a mass producer but as a high-quality producer. We may well be able to gain in market share by actually living up to what is currently an empty promise of sustainability even if costs go up slightly.
- We are more likely to have “policy leakage” than emissions leakage.² Policy leadership is infectious. The public and policy makers among our trading partners are influenced by the policies of others, including NZ.³ The sudden amplified presence of [US-based pro-gun social media activity in New Zealand](#), as we have deliberated on our gun legislation reforms, is a testament to the fact that small countries like NZ do in fact influence the policies of even the largest players. New Zealand too can have a role contributing to developing international policy norms.
- “Climate Clubs” represent an international opportunity for New Zealand to take advantage of leadership in ETS reform particularly in the agriculture sector. Here, ‘eager’ countries (in general or in specific areas like agricultural emissions) come together in ‘clubs’, which provide peer pressure, reputation advantages, as well as some exclusive benefits for the club member countries. The benefits that are provided exclusively to member countries could for example be low-emission technologies low-tariff zones, international linkage of ETS, and border tax adjustments to combat leakage.⁴
- Finally, any small leakage could be mitigated through import regulation and policies reducing the availability and attractiveness of high emissions imports. Such ‘border tax adjustments’ are a core

² Ebbe V. Thisted & Rune V. Thisted (2019): The diffusion of carbon taxes and emission trading schemes: the emerging norm of carbon pricing, Environmental Politics, DOI: 10.1080/09644016.2019.1661155

³ Håkon Jackson Inderberg T, Bailey I, Harmer N, Designing New Zealand’s Emissions Trading Scheme. Global Environmental Politics 17:3, August 2017.

⁴ Hovi J, Sprinz D, Sælen H, Underdal A, Climate change mitigation: a role for climate clubs? Palgrave Communications.^{11 SEP}

component of the widely supported Baker-Shultz Carbon Dividends Plan proposed for the United States of America,⁵ as well as European Green Deal announced in December.⁶ The European Green Deal announced by the European Commission states:

“the Commission will propose a carbon border adjustment mechanism, for selected sectors, to reduce the risk of carbon leakage. This would ensure that the price of imports reflect more accurately their carbon content. This measure will be designed to comply with World Trade Organization rules and other international obligations of the EU.”

⁵ <https://clcouncil.org/our-plan/>

⁶ https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en#documents

Appendix A: Health and health equity harmed by our high emissions economy: co-benefits of mitigative action

Climate change poses a serious threat to health, well-being, and fairness, both globally and in Aotearoa.⁷ Furthermore, its impacts are not distributed equally, with Māori, Pacific, and low-income groups at greater risk of experiencing poor health outcomes due to climate change.

Policies aimed at mitigating, and adapting to, the impacts of climate change will play a major part in determining the extent to which the health and well-being of our society is affected, both now and in the future.⁸ Research shows that early and concerted action against climate change can not only minimise harms, but can also offer opportunities to improve societal health.

Leading medical journal The Lancet reports that tackling climate change could, in fact, represent “*the greatest global health opportunity of the 21st century.*”⁹

Co-benefits to health, well-being, and fairness from climate change mitigation strategies are expected to be substantial, and may come about through various avenues (e.g. eating pattern changes; greater engagement in physical activity; reduced air pollution).¹⁰ Co-benefits may manifest, for instance, in the form of reductions in chronic disease (e.g. obesity, Type 2 diabetes, cardiovascular and respiratory disease, and certain cancers) and mental ill health, and via lessened financial pressures on the healthcare sector.

Co-benefit examples:

- Healthy eating, including increased intake of plant-based foods and less consumption of red meat and animal fat (particularly highly processed animal products), would, while helping to reduce agricultural GHG emissions, lead to significant improvements in health outcomes (e.g. by reducing rates of heart disease and bowel cancer).
- Active transport (walking, cycling, public transport), in addition to reducing CO2 emissions, improves physical activity and can reduce air pollution and road traffic injuries. In addition, public transport is relatively inexpensive and is used more by those with lower incomes. Thus, supporting active transport and improving public transport infrastructure has the potential to benefit health, climate and equity.

⁷ Costello A, Abbas M, Allen A, Ball S, Bell S, Bellamy R, et al. Managing the health effects of climate change: Lancet and University College London Institute for Global Health Commission. *The Lancet*. 2009;373(9676):1693-733. Available from: [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(09\)60935-1/fulltext](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(09)60935-1/fulltext).

⁸ Bennett H, Jones R, Keating G, Woodward A, Hales S, Metcalfe S. Health and equity impacts of climate change in Aotearoa-New Zealand, and health gains from climate action. *Migration*. 2014;3:12-6. Available from: <http://www.nzma.org.nz/journal/read-the-journal/all-issues/2010-2019/2014/vol-127-no-1406/6366>

⁹ Watts N, Adger WN, Agnolucci P, Blackstock J, Byass P, Cai W, et al. Health and climate change: policy responses to protect public health. *The Lancet*. 2015;386(10006):1861-914. Available from: [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(15\)60854-6/fulltext](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(15)60854-6/fulltext)

¹⁰ Haines A. Health co-benefits of climate action. *The Lancet Planetary Health*. 2017;1(1):e4-e5. Available from: [https://www.thelancet.com/journals/lanplh/article/PIIS2542-5196\(17\)30003-7/fulltext](https://www.thelancet.com/journals/lanplh/article/PIIS2542-5196(17)30003-7/fulltext)

- Improving indoor environments (eg. energy efficiency measures, such as home insulation) can reduce illnesses associated with cold, damp housing (eg. childhood asthma, chest infections, and rheumatic fever), which are leading causes of hospital admissions, particularly for Māori and Pacific children.

Such co-benefits will not occur on their own, however, and must be purposefully designed into plans and policies; it is important to recognise that mitigation and adaptation pathways and policies that are poorly designed may pose a substantial risk of co-harms to health, wellbeing, and fairness. There are numerous international examples of this, including food crop-based biofuels and the UK's Green Deal to increase the energy efficiency of housing, without accounting for negative unintended consequences.

We wish to emphasise that the health and well-being of our most precious resource, our human capital, is essential for a sustainable and productive economy. Investing in well-designed emissions reduction strategies will offer high returns in both the short and long term, along with immediate and enduring health-related co-benefits for New Zealanders.



OraTaiao
NZ Climate & Health Council