



CLIMATE CHANGE

United**Future** does not pretend to be able to predict precisely all the consequences or outcomes of climate change, but through the growing scientific and economic evidence we understand the risks and the need for a timely response.

Climate change is a global challenge that through international and domestic cooperation can be managed to mitigate the risks whilst, in a New Zealand context, presenting a range of opportunities for environmental sustainability and social and economic development.

It is United**Future**'s opinion that the benefits of responsible and practical action now will be realised in the long-term health and prosperity of New Zealand's environment and its people.

The environment is our basic life support system and must remain in good health. If people want to use the environment for outdoor recreation, economic development, or to simply admire and appreciate it, then it must be used in ways that do not cause permanent widespread damage or compromise the needs of future generations to meet their own needs – i.e. in ways that are sustainable.

Policy Framework

- United**Future** will promote “no regrets” policies to address climate change – i.e. measures that will provide both environmental and economic benefits.
- United**Future** will seek solutions that offer positive alternatives to otherwise punitive measures e.g. rather than just a carbon tax on coal used to generate electricity (and higher costs for consumers), sequester the carbon or encourage the generator to plant a new forest.
- United**Future** will promote both public and private climate change initiatives e.g. working with the banks to finance home insulation and retro-fitting.
- United**Future** will support the creation of CO2 emissions trading mechanisms to provide economic incentives to reduce greenhouse gases and boost carbon capture and other greenhouse gas reduction/mitigation efforts whilst continuing to oppose a general carbon tax.

Householders

United**Future**'s position is to:

- Continue to promote energy efficient homes and technology via the Energy Efficiency and Conservation Authority (EECA).
- Substantially boost funding to EECA for a comprehensive nationwide programme of retro-fitting existing homes with energy saving improvements (including better insulation, low-flow shower heads, solar water heating etc).
- Adopt a national strategy, including private sector funding, to insulate all New Zealand homes to at least 1977 standards. This also has benefits related to health and family finance.
- Move to enable EECA to explore with the NZ Bankers Association a partnership to smooth the way for homeowners to obtain financing to expand the programme of insulation/retrofitting of energy-inefficient homes, and other energy-efficiency enhancements.
- Require all existing dwellings sold to be assessed for energy efficiency (e.g. insulation, double glazing, heating methods, and use of solar energy) and given a standardised energy efficiency rating.

- Require all new homes to be given a standardised energy efficiency rating based on insulation, double-glazing, heating methods, use of solar energy etc.
- Require all flats and rental properties to be advertised as to whether or not they are insulated. This will help tenants make an informed choice and will incentivise landlords to improve the insulation and energy efficiency of their properties.

Transport

United**Future**'s position is to:

- Require all new Government vehicle fleet purchases be hybrid vehicles where possible in order to help reduce the cost of purchasing and servicing such vehicles for all New Zealanders.
- Implement policies to reduce the average age of New Zealand's vehicle fleet, thereby reducing average fuel consumption and vehicle emissions. (For example, instigate a minimum payment by the Government for every older vehicle with a WOF that is taken off the road and dropped off at a 'wrecker' for disposal.)
- Encourage and mandate ethanol and other bio-fuel alternatives to petroleum based fuels as long as the supply of such alternatives is both environmentally and economically sustainable.
- Substantially boost investment in research and development for alternative energy systems and technologies (including hydrogen, ethanol and other biofuels).
- Support the creation of CO₂ emissions trading and emissions reduction mechanisms, provided these result in positive climate change outcomes for New Zealand.

Forestry and Agriculture

Forestry and agriculture are of fundamental importance to climate change policy. The planting of new trees has the potential, over time, to move New Zealand to a position of carbon neutrality whilst methane emissions from ruminant animals greatly increase our Kyoto obligations even although they are the result of a natural digestive process rather than a result of human activity.

United**Future**'s position is to:

- Support the Permanent Forest Sinks Initiative. While creating an opportunity for further carbon sinks, the trees will also prevent soil erosion, the leaching of nitrates and the intrusion of stock into rural waterways.
- Promote the planting of native trees and bush along or close by all inland waterways where practical, in order to act as carbon sinks, limit soil erosion and reduce agricultural runoff.
- Encourage landowners to return non-viable farming land to native forest in order to create carbon sinks.
- Require the internalisation of all greenhouse gas costs when forested areas are converted to intensive agriculture. For example where forested land is converted to dairy farming the landowner would bear the Kyoto costs arising from the loss of the carbon sink, rather than leave those costs to the taxpayer.
- Defer final income tax on income derived from forestry until harvest where partly grown trees are sold. When partly grown trees are sold the seller will be assessed income tax in the usual way. However, an amount equivalent to the income tax paid by the seller will be paid to the buyer by way of a forest encouragement grant.
- Ensure that New Zealand producers of sustainably-harvested timber products are not undercut via the "dumping" of imported timber and products that have been harvested without regard to sustainability criteria.

- Commencing immediately, carbon credits will be devolved to forest owners when a new or replacement plantation is planted. This will cover both the replanting of existing forests and new "green field" forests.
- Any carbon debits arising on the harvesting of those forests will also be devolved to the forest owners. Hopefully, post 2012, that debit will be scientifically assessed to take into account carbon "permanently" stored in the wood produced from harvested trees and also carbon which remains "captured" in the tree root system and the like. Recipients of carbon credits would then be responsible for repaying at harvest, only the actual net carbon liability arising under the post 2012 Kyoto protocol arrangements. Replanting, on the same or alternative land, would however release a stream of carbon credits as a new rotation is commenced.
- As an alternative to 1 & 2 above forest owners may opt for a single one-time afforestation grant. This will be based on the forecast discounted value of the net carbon credits arising over the first rotation cycle of the forest.
- UnitedFuture has yet to take a final position on the vexed question of devolving carbon credits earned, on already growing trees, during the first Kyoto commitment period (2008-2012) and believes this issue requires further study.
- Support the investment which is being made in scientific research by both the Government and Fonterra, in respect of methane emissions from ruminant animals.
- Do not support any further levy being imposed on New Zealand farmers to accomplish that goal, since it would simply damage New Zealand's vital exporting sector without influencing climate change.
- Farmers will need to bear the cost of other green house gas emissions arising from their activities. However farmers will be able to offset these non-ruminant animal emissions, by planting trees, on their own property or elsewhere (thus gaining offsetting carbon credits).

Industry

- Remove regulatory barriers, including legislative barriers to encourage new electricity generation using hydro, geothermal, wind and tide.
- Make EECA the central funding agency for contestable funding programmes aimed at reducing long term energy consumption in small and medium enterprises (SMEs).
- Boost research and development funding through GNS Science for carbon sequestration from thermal electricity generating plants.
- Support the creation of CO₂ emissions trading mechanisms to provide economic incentives to reduce greenhouse gases and boost carbon capture and other greenhouse gas reduction/mitigation efforts whilst continuing to oppose a general carbon tax.

International

- Ensure that New Zealand meets its obligations under the first commitment phase of the Kyoto Protocol, through the "no regrets" and other initiatives set out above.
- Consider joining other multilateral international efforts to reduce greenhouse gases. e.g. The Asia-Pacific Partnership on Clean Development and Climate that includes the United States, Australia, China, India, Japan and South Korea.
- Support the rationale behind NZ meeting its Kyoto objectives and while NZ should contribute towards achieving those we will not support measures that seek to meet our Kyoto obligations in ways that will reduce New Zealand's international competitiveness.

- In addition to attempts to limit greenhouse gases, thought should be given to a humanitarian resettlement plan. Countries in the Pacific region such as the Tokelaus, Tuvalu and Kiribati are all likely to disappear in the likely event of a rise in sea levels.
- It is prudent to prepare a robust contingency plan of resettlement to cater for the thousands who will be physically displaced by such an occurrence. New Zealand should play a full part in this plan in cooperation with other nations in our region.

Emissions Trading

United**Future** supports the creation of CO2 emissions trading mechanisms to provide economic incentives to reduce greenhouse gases and boost carbon capture. We expect that a whole range of market mechanisms will make the buying and selling of carbon credits possible under a variety of scenarios.

Kyoto Protocol Changes

United**Future** believes that New Zealand should advocate for changes to the current Kyoto protocol rules at the end of the first commitment period in 2012. Specifically it is United**Future** policy to:

- Question the continued inclusion of methane emissions from ruminant animals within the protocol rules, since this is a naturally occurring part of a digestive process.
- Advocate, together with other forest growing nations, for an alteration to the current rules to reduce debits arising following the harvesting of trees to take account of the amount of carbon which is stored in wood products or in the stump and roots.
- Advocate for a deforestation allowance in New Zealand's overall targets.

Summary

United**Future**'s policy majors on a 'carrot' approach to incentivise the creation of new forest sinks via afforestation. However this is accomplished by a 'stick' approach through the devolution of Kyoto liabilities to foresters and farmers thus incentivising a reduction in emissions. Together these policies mirror, at the micro level, New Zealand's Kyoto commitments. Their aim is to move New Zealand toward carbon neutrality.