

Agreed Measures to Address Māori Party ETS Concerns

1. Measures to halve the price impact on households

The existing ETS will be amended so as to reduce the impacts of the obligations of liquid fuel, gas and electricity companies on households. This will be achieved by a transitional phase in which the obligation will be halved i.e. the surrender of 1 NZU for every 2 tonnes of emissions and with the provision of a \$25 fixed price option. This combination will halve the price impact on the average household from \$330/year to \$165/year.

2. Enhancement of energy efficiency assistance

Assisting low income households through investing in improved insulation and clean heating improves health, air quality and helps reduce greenhouse gas emissions. The Warm-Up New Zealand scheme will be enhanced by an additional investment of \$24 million targeted exclusively for low income families. This will enable 8000 additional homes to benefit from the scheme. EECA has been requested to work closely with iwi to explore opportunities for their involvement in the programme. This will include where practical, an increase in the number of Māori home insulation providers and installers and further development of the existing work with community groups and iwi to provide targeted support to low income households.

3. Treaty Clause in ETS legislation

The Government will support an agreed SOP, moved by the Māori party during the Committee stages of the Bill, that recognises the Treaty of Waitangi. This provision will specifically set out the ongoing decisions on which Crown has an obligation to consult. This will include regulations covering the following:

- a) Pre-1990 forest land allocation
- b) Fisheries sector allocation
- c) Allocation to agriculture
- d) Point of obligation for agriculture
- e) Setting of targets under the Act
- f) Reviews of the New Zealand Emissions Trading Scheme

4. Treaty settlements pre-ETS where iwi unknowingly disadvantaged

It is agreed that a solution is needed to resolve the issues raised by Ngāi Tahu that the Crown did not meet its information disclosure requirements of their Treaty Settlement in respect of the likely impact of an ETS on pre

1990 forest land. Similar issues are raised by Waikato-Tainui, Te Uri o Hau, Ngati Awa and Ngati Tuwharetoa (Bay of Plenty).

The Crown, while not accepting fault, has attempted to resolve this issue by offering a Conservation contract on an area of Crown land comparable to that affected for a limited period to avoid litigation. An agreement in principle has been reached.

5. Involvement in international negotiations

International negotiations are extremely important to New Zealand's ability to meet ambitious targets under any future international agreements. The Māori Party recognises it is important to have a representative balance in these negotiations. By including technical advisors from the Iwi Leadership Group (ILG) we ensure the highest level of input on agricultural, forestry and fishing issues impacting the economy and the Maori economy in particular. The ILG have nominated Mr Roger Pikia who has previously attended international negotiations and Mr Chris Karamea Insley who has been deeply involved in the ETS process. Both these advisors will be joining the official delegation to Copenhagen in December this year.

6. Crown/iwi partnerships for afforestation programmes

The Government has previously acknowledged the important role of forestry when setting emissions reduction targets. For a number of reasons the significant levels of planting in the 90's have not continued in recent years. The Māori Party saw an opportunity for iwi to partner with the Crown in afforestation projects on suitable Crown land.

The Department of Conservation has been developing Crown Conservation Contracts to access the potential in carbon markets through pest control and regeneration projects. It is clear however that there is significant potential for carbon farming with indigenous species compliant with the Kyoto Protocol and iwi have expressed interest in being able to participate in partnership with the Crown.

There have been some preliminary discussions and further work will be undertaken by officials to develop a suitable format for contracts to facilitate afforestation projects on Crown land and where appropriate partnerships also involving Māori land. Such agreements will not be preferential or exclude other parties also participating in afforestation projects with the Crown.

7. Review of Permanent Forest Sink Initiative

Prior to the introduction of an ETS the Ministry for Agriculture and Forestry developed a number of schemes to incentivise afforestation on poor quality land subject to erosion. One such scheme is the Permanent Forest Sink Initiative which encouraged indigenous tree planting by issuing

Assigned Amount Units for carbon sequestration. Now that an ETS is in place for the forestry sector the Maori Party has proposed a review of these schemes. This will be undertaken in the New Year with particular emphasis on the impacts on land owners. Work will also be done on whether the schedule rates for indigenous planting fairly reflects the growth rates and actual carbon storage.

8. Fishing industry allocation

It is agreed that the ETS will be amended to provide for an increased 90% allocation for the fishing industry through the transitional period to 2013 taking into account the half obligation. This has been determined to be 700,000 units. This allocation will be made to quota holders on a tonnage basis and iwi will be consulted on the allocation plan.

9. Agriculture advisory group on inclusion in ETS

The Government recognises the potential administrative difficulties when introducing the agricultural sector into the ETS. In discussion with the Māori Party it became evident that there was a need for a highly specialised technical group to advise Government on the various issues relating to measuring and reporting, point of obligation emission factors and the like. In making submissions to the ETS Review Committee a number of iwi demonstrated in-depth knowledge of the issues around the economics of agriculture and the ETS and it has been agreed that a special advisory group will be convened to access the body of knowledge available in the agricultural sector and to ensure a smooth implementation in 2015. The Māori Party will be consulted on the Cabinet paper to establish the group, its terms of reference and its membership which will include Maori agricultural interests.

10. National Policy Statement on biodiversity

The protection of indigenous biodiversity is a significant issue for Maori and is one of New Zealand's most challenging environmental issues. A National Policy Statement on Biodiversity under the Resource Management Act has long been sought.

Both the Māori party and the Government recognise that this work involves a careful balancing of private property rights and measures that ensure the survival of indigenous species. A cabinet paper will be progressed in consultation with the Māori Party by March 2010 to establish a process including involvement of iwi, in the development of a NPS.

11. Agricultural greenhouse gas emissions research

It is acknowledged that New Zealand is a leader in agricultural research and has made a number of announcements recently with respect to funding for the Primary Growth Partnership and a Domestic Agricultural Research Centre.

In addition the Prime minister announced recently in New York the proposal for New Zealand to lead a Global Alliance on agricultural greenhouse gas emissions. This proposal has had significant support from all major and most of the developing nations who have a large percentage of their greenhouse gas emissions from agriculture.

The Government commits to working with the Māori Party on both these initiatives, appropriate iwi involvement and to substantially increase public investment in this work that is strategically important for New Zealand and iwi.

12. Broader environmental policy

The Government agrees to consult with the Māori Party on the wider programme of complementary climate change measures that, alongside the ETS, will contribute to New Zealand moving to a lower carbon economy. This will specifically include consultation prior to Government decisions on the proposed NES on sea level rises and NPS on renewable energy. This consultation will include any new proposals on complementary measures on climate change following a Stocktake in 2010.

The Government has agreed that the Ministry for the Environment (lead agency) and Te Puni Kokiri will jointly fund the Enviroschools Programme from 1 January 2010 for a further six months to enable a review.

The Government also agrees to consult with the Māori Party on other environmental initiatives including the waste fund, work on the Environmental Protection Authority and phase II of the Resource Management Reform programme.