



## NEWS RELEASE

11 June, 2007

(attached – letter to Minister, Hon David Parker & policy time-line)

### **BUSINESS CONCERNED AT HEAD-LONG RUSH INTO EMISSIONS TRADING**

A wide range of business organisations representing the productive sectors in New Zealand are growing increasingly alarmed at the government's apparent head-long rush into the introduction of emissions trading.

An official time-line for the implementation of emissions trading shows that there is an expectation that a scheme will be in place early next year, after a scant 6 weeks to consult with the most affected stakeholders. Such consultation taking place in parallel with the drafting of legislation.

The business industry leaders say the introduction of emissions trading brings with it lots of complexity that needs to be resolved in a measured way and the unrealistic timeframe being pursued by government raises fears of another policy failure in this area.

They say if emissions' trading is demonstrated to be the best price based measure for New Zealand (and the costs and benefits of such a scheme need to be well understood in making that decision) then scheme architecture has many complexities that will require significant consultation and rigorous analysis to resolve.

Business leaders say they are keen to be involved in developing durable climate change policy but they fear that an unrealistic time-line will undermine

the chances of implementing successful and well thought through policy. They say poor policy process leads to poor policy and poor policy eventually fails. If this happens then business will end up with more policy uncertainty in the future.

The business leaders commended the just released Australian government's Task Group Report on Emissions Trading; which sets out a four year timetable to implement an Australian scheme.

- 2008 allowing for the establishment of an emissions reporting and verification system; undertake a cost/benefit analysis of emissions trading
- 2009 - finalise design features and establish the legislative basis of the scheme
- 2010 establish the first set of short-term caps and allocate permits
- 2011/2012 commence trading.

The Australian report says "Premature introduction of emissions trading would undermine the stability of the scheme" and that a comprehensive work programme needs to adequately prepare business and the community for the changes required. The Business New Zealand report by NZIER on emissions trading reached a similar conclusion.

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