



NEWS RELEASE

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GREEN PARTY HAS IT WRONG

The Green Party has misinterpreted the productive sector's reservations over the process and time-line for the introduction of emissions trading in New Zealand. They are accusing the productive sector of delaying tactics, waiting for a change of government and trying to move the cost of carbon from producers to taxpayers.

The collective industry associations say the Green Party is wrong on all counts.

It would make no difference to the productive sectors who was the government, they say. They will still be demanding a thorough cost/benefit analysis to support the choice of policy to tackle climate change and adequate timeframes for stakeholder input and analysis.

“All consumers – business and domestic, have the right to know what the price impact of any climate change policy is and what emission reductions will be achieved – we will demand that of all political parties”.

The business industry groups say the time-frame for the introduction of emissions trading is simply too short given the complexity of what is being proposed. “An all sectors, all gases scheme, covering the whole economy would be the most ambitious and comprehensive scheme in the world” they said.

Questions that would need to be resolved would include;

- What is the cost of a tonne of carbon reduced through a domestic ET scheme, versus the cost of a tonne of carbon bought through international carbon markets?
- What is the level of the caps on carbon emissions – what does this relate to – the Kyoto Protocol commitment (2008-12) or longer term targets in a post 2012 regime?
- Is there an aspirational emissions reduction target – what % and by what date? How realistic is that target and what are the costs of meeting the target given a growing population, growing economy and our unique emissions profile?
- How does an ET scheme prevent industries and sectors becoming uncompetitive against international trading competitors that do not price carbon, in the short term and in the long term?
- What is the capacity of various industries to participate in ET? What data and verification systems need to be established – what are the transaction costs of ET for an economy dominated by small businesses?
- Will the New Zealand market be big enough to be liquid and provide low cost abatement opportunities – and if not will our scheme be compatible with other ET schemes?
- Differences in price caps, allocation methodology, scope of scheme and the number and type of offsets allowed could give rise to problems with linking to other schemes.

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.

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