

17 September 2012

Media Release



CHANGES WILL 'HOLLOW OUT' ALREADY WEAK EMISSIONS TRADING SCHEME

The Environmental Defence Society has joined the Parliamentary Commissioner for the Environment in calling for big changes to the Climate Change Response Amendment Bill. In its presentation to the Finance and Expenditure Select Committee today, EDS said that the Bill would 'hollow out' an already weak ETS.

"We note the Government's commitment to a 50 percent reduction in net greenhouse gas emissions by 2050. But the Bill would allow New Zealand's greenhouse gas emissions to continue to grow largely unconstrained and render the 2050 target unachievable," said EDS Chairman Gary Taylor.

"The Bill would extend the one-for-two subsidy and \$25 price cap indefinitely. This means the price of carbon is kept artificially low. Without a strong price signal the ETS provides no incentive for businesses to change behaviour and invest in emissions reduction technologies.

"Further, the European Union has excluded units of doubtful provenance from its scheme. Under this Bill these dodgy offshore units will still be able to be used in New Zealand. They will flood the market and drive down the cost of carbon even further.

"The ETS currently prevents the unlimited issuing of NZ units, by requiring each NZ unit to be 'backed' with a Kyoto unit. An alternative way to achieve this environmental integrity is to place a cap on the number of NZ units, creating a cap-and-trade system. The Bill would remove the backing requirement, but would not introduce a cap to ensure environmental integrity is maintained.

"It is not enough to rely on imported credits to offset our emissions and doing so results in a flow of wealth offshore. Instead, the import of overseas units should be restricted to 50% of the required units, as has been done in Australia.

"The Bill proposes to defer the entry of agriculture into the ETS indefinitely. With carbon prices currently extremely low, now is the ideal time to ease agriculture into the ETS as the Government's Review Panel recommended. There are solutions available for agriculture to meet its obligations, which would amount initially to only 5% of its emissions. Introducing a price signal will encourage investment into new technologies and would start to remove a massive taxpayer subsidy for farmers.

"Climate change is the biggest change facing human kind and a challenge we will be addressing for generations. There is broad political support for the ETS framework, but the hollowing out of the scheme simply creates uncertainty for businesses and households and will not encourage emissions reductions," Gary Taylor concluded.