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New Zealand Emissions Trading Scheme Review 2015/16

The Sustainable Business Council (SBC) is pleased to have the opportunity to submit on 'other issues' of the Ministry for the Environment's discussion document entitled 'New Zealand Emissions Trading Scheme: Review 2015/16', dated 24 November 2015.

This consultation invited feedback in two phases: first on priority issues, and secondly on 'other issues'. SBC sought member views on all issues, and submitted comprehensively on both the priority issues and 'other issues' in February.

We would like to use this submission to highlight the critical success factors our members identified for NZ to meet the climate ambition agreed in Paris.

- The ETS alone will not be enough to deliver the Paris ambition. Our members are looking for a clear and ambitious pathway to net zero emissions by the second half of the century and a reduction in gross emissions domestically. This requires a comprehensive set of approaches, including the ETS. Our members are committed to working with government to develop these, and have started a climate change leaders' dialogue to do so.
- Those approaches will require coherent government policy across energy, transport, agriculture and infrastructure portfolios, with cross party support.

- Our members believe this goal could be supported by the adoption of a set of principles:
 - Ensure there is an effective cost on emissions, capable of stimulating behaviour change
 - Accelerate the uptake of clean technologies
 - Continue to develop an international business brand: clean, green, safe and climate-friendly
 - Maintain New Zealand's international competitiveness
 - Keep moving forward (no backwards steps)
 - Signal early and act consistently

- Members asked that government continue to move towards an 'ideal' ETS:
 - Full obligations – everyone paying for a tonne, all sectors, all gases, no free units
 - Some restrictions on access to international markets with credible units, for example a restriction of 50%
 - An absolute cap on emissions (ie a New Zealand emissions budget)
 - Auctioning – to find an economy-wide cost curve
 - No price floor or cap with the market determining price

- We need to be careful about how and how quickly we move towards an 'ideal' ETS to ensure we maintain our international competitiveness.

Business wants to see evidence of a well thought-through pathway and has commenced work to help inform government policy development in the form of the business-initiated climate change leader's dialogue.

Yours faithfully



Abbie Reynolds
Executive Director
Sustainable Business Council