

**Rt Hon Helen Clark**  
**Prime Minister of New Zealand**



27 August 2008

## **Media Statement**

### **Emissions Trading Scheme legislation to proceed**

Legislation for New Zealand's Emissions Trading Scheme will now proceed through Parliament, following successful negotiations with the New Zealand First and Green parties, Prime Minister Helen Clark said today.

"New Zealand must play its part in the global effort to tackle climate change. The Emissions Trading Scheme will play a very important role in our efforts," Helen Clark said.

"I thank New Zealand First and the Green Party for recognising the critical importance of this legislation, and providing support for the Climate Change (Emissions Trading and Renewable Preference) Bill.

"What has emerged from our discussions with New Zealand First and the Greens is a scheme which not only contains economic incentives to reduce New Zealand's greenhouse gas emissions, but also provides support for families and businesses to make the transition to greater sustainability.

"The agreement with New Zealand First and the Green Party includes a one-off electricity rebate for all New Zealand households, as well as a cash payment for those receiving New Zealand Superannuation, Working for Families tax credits, and benefits when the electricity sector enters the scheme in 2010.

"An energy efficiency fund, managed by EECA, will be set up next year to help targeted households reduce their energy costs through a range of initiatives, including installing better insulation and more efficient home heating. This will be funded to the level of \$1 billion over 15 years.

"A new contestable innovation fund of 150,000 emission units a year, is being established to support the introduction of innovative technologies which have the potential to reduce industrial emissions significantly.

"A new free allocation of units has been introduced for the fishing sector, which is equal to fifty per cent of the impact on fuel costs for a three year period.

"There will be no change to the 1 January 2013 date when the agriculture sector comes into the scheme. To help prepare the sector for entry into scheme, the Government has developed with the dairy industry and fertiliser companies a Heads of Agreement. This will involve industry and government working together

to investigate and apply measures which can significantly reduce nitrous oxide emissions from the dairy sector over the next five years.

“The Government has also agreed to support work which would help reduce overall greenhouse gas emissions in the broader agriculture sector prior to entry into the scheme, and has set a target of achieving a reduction in greenhouse gases from the sector, of 300,000 CO<sup>2</sup> equivalent tonnes, by 2013.

“The Government will be encouraging research on, and experimentation with, a range of alternative technologies and farming practices, including low intensity farming.

“The Government has also agreed to have a National Policy Statement on biodiversity in place by 1 February 2011.

“We have agreed to strengthen the controls on the surrender of AAUs (Assigned Amount Units) to help ensure that only high-quality units will be traded in the scheme.

“We have agreed that the allocation plans for the industrial, stationary energy, and agriculture sectors will be referred to a select committee for consideration.

“Overall this package is about enabling New Zealand to take effective steps to reduce greenhouse gas emissions.

“Climate change is one of the greatest challenges facing our world. It is important that New Zealand shows leadership and shoulders its share of the responsibility for dealing with it.

“By making far-reaching and strategic changes to the way we live and work, we can reduce our greenhouse gas emissions while also maintaining a strong economy and comfortable lifestyle,” Helen Clark said.

*Attached: Detailed summary of the agreed changes to the Climate Change package*

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## **Summary of climate change package agreed with support parties**

### **Assistance for households:**

- A one-off electricity rebate to all households in 2010 to assist with higher energy prices
- A one-off cash payment to families who are in receipt of benefits, superannuation and Working for Families tax credits in 2010.
- A \$1 billion dollar energy efficiency fund to improve household investment in initiatives such as insulation and more efficient heating, over 15 years starting in 2009. This fund will be managed by EECA and targeted on income and/or energy needs households.

### **Assistance for businesses:**

- A contestable fund of 150,000 units a year from 2010 – 2012 to help drive the take up of innovative technology by trade-exposed industrial firms that will significantly reduce or have the potential to significantly reduce industrial emissions.
- Assistance to the fishing sector in adjusting to higher fuel prices through a free allocation of units equal to 50 per cent of the impact of the ETS on fuel costs for a three year period.
- A one-off payment to offset the cost disadvantage Wellington's electric buses and trains will see in 2010, given that diesel does not enter the ETS until 2011.

### **New climate change targets:**

- Setting a government target of reducing all greenhouse gas emissions in the agriculture sector by 2013 by 300,000 tonnes CO<sub>2</sub> equivalent.
- Gazetting this and other targets already announced by the government. The targets will remain non-binding but they will be used to review progress.

### **Improvements for the Environment:**

- Strengthen the controls on the surrender of AAUs to help ensure that only high-quality units will be traded in the scheme.
- A National Policy Statement on biodiversity by 1 February 2011.

### **The allocation process:**

- The introduction of a new requirement for the agriculture and industry allocation plans to be scrutinised by select committee and parliament.
- Include in the five yearly review the costs and benefits of establishing an independent or semi-independent government body to carry out the allocation process
- Adding an additional principle that the Minister must have regard to when developing allocation plans, to ensure trade exposed businesses only receive units for the proportion of their production which is trade exposed.