

The New Zealand government has decided to use an emissions trading scheme for greenhouse gas emissions as part of its response to climate change. Emissions trading will help reduce emissions, encourage and support global action on climate change, and help put New Zealand on a path to sustainability. This factsheet is an introduction to how emissions trading is likely to affect households.

Emissions trading and households

Factsheet 11



September 2007

Household emissions and how households fit into the scheme

Households generate greenhouse gas emissions through using electrical appliances, burning fuel to cook or heat homes, and using transport such as driving a car or riding on the train. Everyone can make a difference in household greenhouse gas emissions by being more energy efficient.

Homeowners and households will not be directly involved in the emissions trading scheme. But households will feel some of the effects as the main sectors pass costs on to them. We expect that the main impact of emissions trading for households will be a rise in fuel and electricity prices. For example, we currently expect fuel to rise by around 4 cents per litre, and electricity to rise by around 5 per cent.

However, consumers will benefit from a number of related policies, such as the planned fuel economy information label programme, additional investment in public transport, the solar water heating programme, Fuel\$aver (information about the fuel consumption of different vehicle models) and the Choke the Smoke campaign (encouraging people to go on a 'low carbon diet').

Potential impacts of an emissions trading scheme for households

Direct impacts on households will result largely from higher electricity and fuel prices. There will also be a range of secondary effects for households, such as increases in the prices of some goods as a result of increased freight charges.

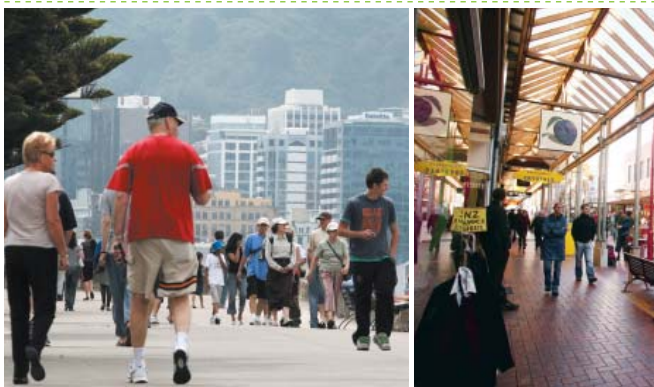
The government will put in place additional measures to reduce the financial impacts of higher electricity prices so that low and modest income households are not disadvantaged, while still ensuring that incentives for efficient energy use remain. Policy options are being considered.



Further, the government will be investing in initiatives which assist and encourage households to be energy efficient and keep costs down by undertaking a few simple actions. These include, for example, reducing energy consumption by using energy-efficient light bulbs, drying clothes outside (rather than in a dryer), spending less on fuel by using public transport, cycling or walking instead of driving on short trips, improving the insulation of living spaces, and using energy-efficient appliances.

While the financial impact of emissions trading on most households is expected to be small, there will be other considerable benefits. Overall, a clean environment that is sustainable in the long term will benefit all New Zealanders and their households.

Reducing the effects of climate change is important to individuals now and in the future.



Other government initiatives relevant to households

The government has a wider package of policies to tackle climate change. This package includes helping households, as well as businesses, to develop the skills, knowledge, funds, technology, and management techniques to reduce their emissions. It also includes providing incentives to reduce emissions outside of the emissions trading scheme, such as encouraging the use of renewable energy, and supporting greater investment in energy efficiency.

For example, the government provides financial help through the EnergyWise home grants programme for improving insulation in pre-1978 houses occupied by people on low incomes.

Where to go for more information

For more information on the government's climate change work, including a series of emissions trading factsheets, visit www.climatechange.govt.nz

For detailed information about the design of the emissions trading scheme for households, read the document called 'The Framework for a New Zealand Trading Scheme' available at www.climatechange.govt.nz

To find out how to make your home more energy efficient and how to produce less greenhouse gas emissions when you travel, visit the EnergyWise website at www.energywise.org.nz