

Submission for New Zealand Emissions Trading Scheme Review 2015 - 2016.

On Behalf: TONY & ANDREA NORTON – Nortonta Limited.

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Nortonta Limited welcomes the opportunity to submit on the ETS Review 2016 Consultation document. The submission deadline of 19th February 2016 is noted.

Nortonta submits from a point of view of a horticulture/hothouse tomato grower in the Canterbury region on the basis of economics relative to our business.

Nortonta would welcome further engagement with the Ministry For the Environment (MFE) on issues raised in this submission.

Background:

Nortonta is a hothouse tomato grower in the Canterbury region, and produces over 600 tonnes of quality tomatoes annually. Our only form of economic energy is our coal fired boiler, which conforms to the ECan environmental standards, and consumes 1300 tonnes of premium grade clean burning coal fuel annually.

The local coal supplier manages the ETS liability for our Company, via a monthly “floating rate” based on the market price of Carbon Credits (CC's).

Since the restriction to the surrender of NZ Units only, the cost of CC's has risen approximately 250% in the past year. This has had a major impact on our business financially.

The increase in CC's becomes a production cost which makes our product non-competitive against similar imported products.

Essential Points:

I wish to draw your attention specifically to the following pertinent points:

- If the ETS is truly a “global initiative” to reduce Carbon Emissions, then Credits should also be based on global units, and not restricted to solely NZ Units.
- I am aware of growers in other areas in New Zealand who do not need energy to heat and produce their similar product, but still receive a free allocation of CC's. This creates an unfair “playing field” within our very competitive market.
- There are also larger energy users (EITE business) that are exempt from the ETS in New Zealand due to their “trade exposed” status. It is only fair that **ALL** businesses – on whatever scale – that are trade exposed – be afforded the same status.
- Those that use coal for the purpose of energy heating represent a small % of carbon users in New Zealand. The major emitters (dairying, agriculture) are NOT included in this unfair extra taxation placed upon our business.

Summary:

One major concern for our business is that if the Government removes the “2 for 1” system currently in place then our business will suffer majorly with a huge increase in the cost to produce the final product.