27th April 2016.

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

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Further to our previous submission in February 2016 we feel our original points are still very relevant and should be taken strongly taken into consideration.

I attended the Review meeting held in Christchurch on 4th April 2016 and was dismayed at the "bias" against coal users. It was a concern to observe the Forestry sector at that meeting had a focus on increasing the value of their Carbon "sink" within that sector without regard for the overall wellbeing of the economy, and the effect of the increasing price on our local economy.
If the ETS is truly a global scheme then credits must be traded on a global basis.

Also of concern is that larger coal users (over 250,000 tonnes) are not subject to the ETS scheme therefore the weight of the scheme is carried by smaller industries. Not all CO2 emitters are included in the scheme, i.e. largest contributor to emissions (dairy industry) due to political sensitivity have not been included to date. Therefore the energy sector is consider a "soft /easy" touch and bears the weight of the NZ liability.

It was stated when the scheme was first introduced that the ETS would not be a burden on the NZ tax payer. This is far from the truth. There is a real danger that South Island carbon based energy users will exit NZ. i.e. secondary processors will ship raw product to reduce costs.

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. 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.

We are asking for a level playing field to be applied to the New Zealand ETS scheme so we all share in the cost of this "[redacted]" rather than an easily targeted small sector does not carry the burden of this taxation on our economy.
We appear to be carrying and paying for a "social conscience" for the rest of the emitting sectors in New Zealand.

Also, where does this extra tax revenue go to/toward? Originally it was proposed that it was to fund Research & Development to reduce emissions – what has been achieved in this regard?, and by who? To this end we have looked at alternative fuel sources for our operation and they have been uneconomic to our business. What alternative fuel source/supply, which still is economically viable – do you propose? At the meeting it was proposed that wood replace coal. In our case it would mean that we would need to purchase at least FOUR times the fuel to achieve the same result – in terms of energy required.

My observations of the Review Meeting indicated there was very little understanding from those that attended, and those that managed the meeting, of the true impact of the ETS system on emitters and the flow on cost to the tax payer of this scheme. For instance - the ETS has meant a 3cent increase on the cost of a can of peas, and when you apply this across the varied and numerous supermarket products that are "kissed by coal" in the South Island that is a considerable increase on a weekly grocery bill.