



NZ EMISSIONS TRADING SCHEME

September 2007



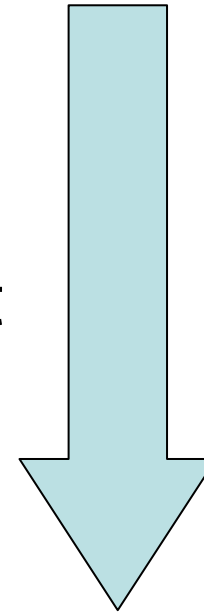
Why emissions trading?



- Least cost
- Flexible
- Effective
- Businesses' most preferred option

Net position: projected emissions over 1990 levels for 2008 – 2012

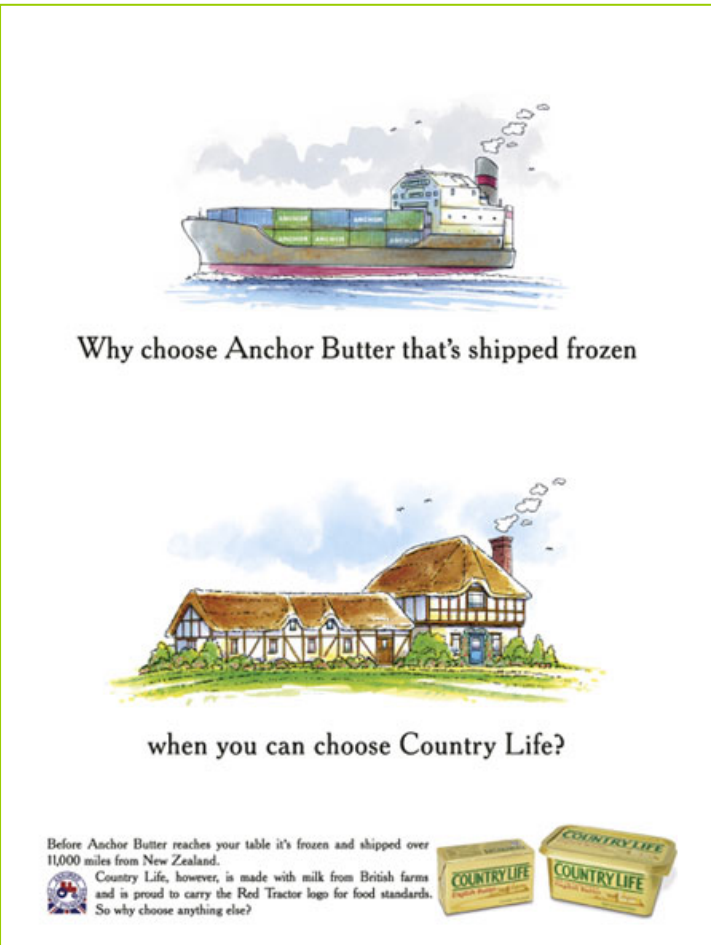
- 2006 projection: 41.2 Mt
- 2007 projection: 45.5 Mt
- If no behaviour change: 65 Mt



- With emissions trading: **25 Mt**

Small macro-economic effect

- The overall impact is small
- Scheme provides architecture which allows economy to gradually adjust
- Our clean green image needs to be protected




Why choose Anchor Butter that's shipped frozen

when you can choose Country Life?

Before Anchor Butter reaches your table it's frozen and shipped over 11,000 miles from New Zealand.

Country Life, however, is made with milk from British farms and is proud to carry the Red Tractor logo for food standards. So why choose anything else?



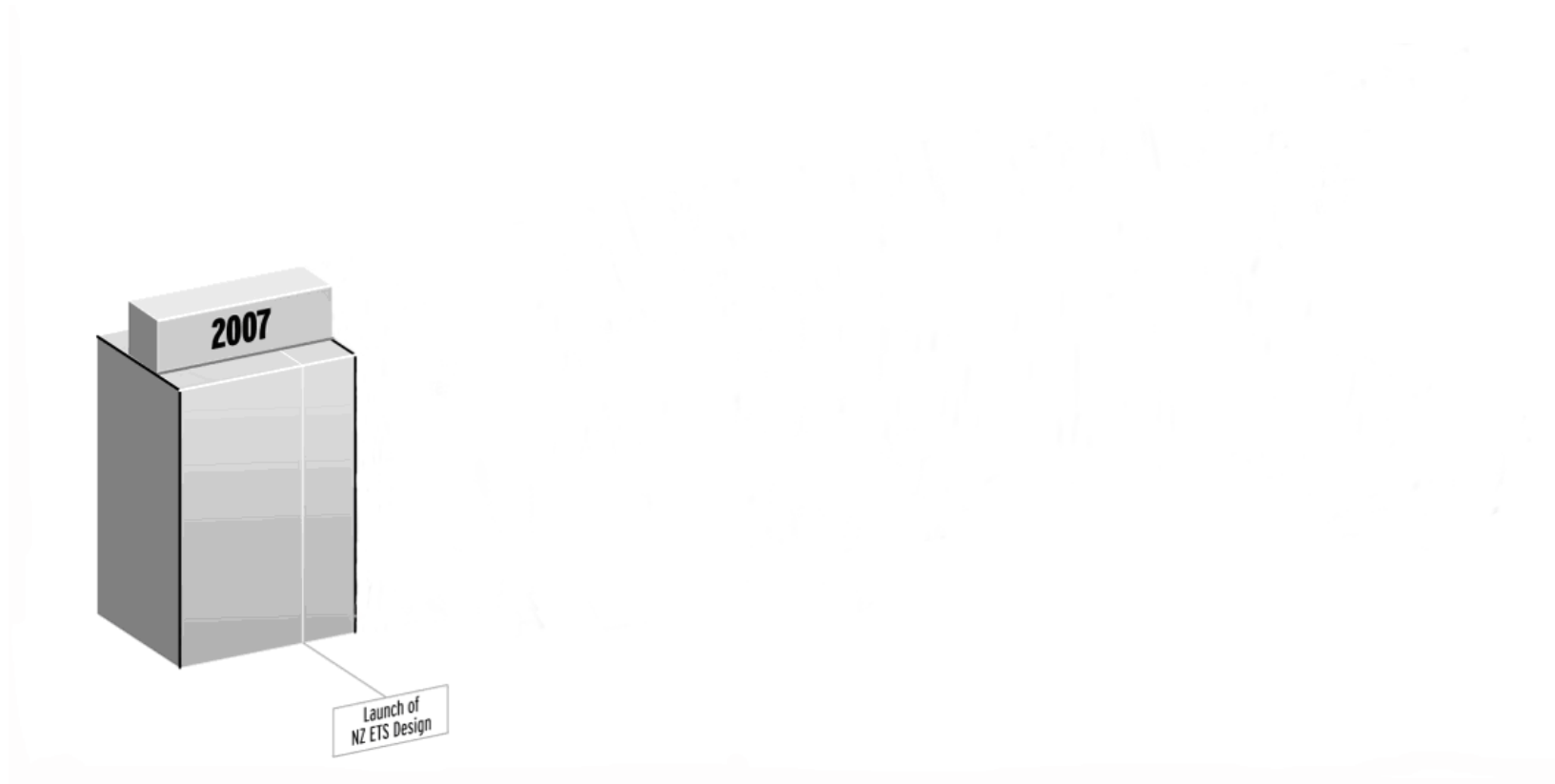
All gases, all sectors

- All six greenhouse gases in scheme
- All the significant sources of gases in the economy
- NZ needs to include agriculture

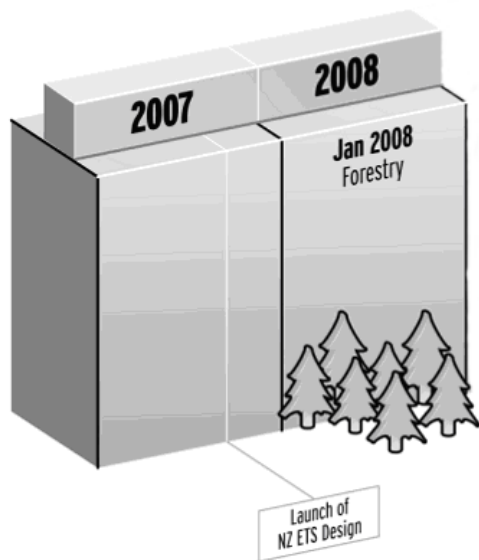
NZ ETS' key features

- Cap & Trade
- Small number of participants
- The New Zealand Unit
- Linked internationally
- Allocation through gifting and sale
- Central registry

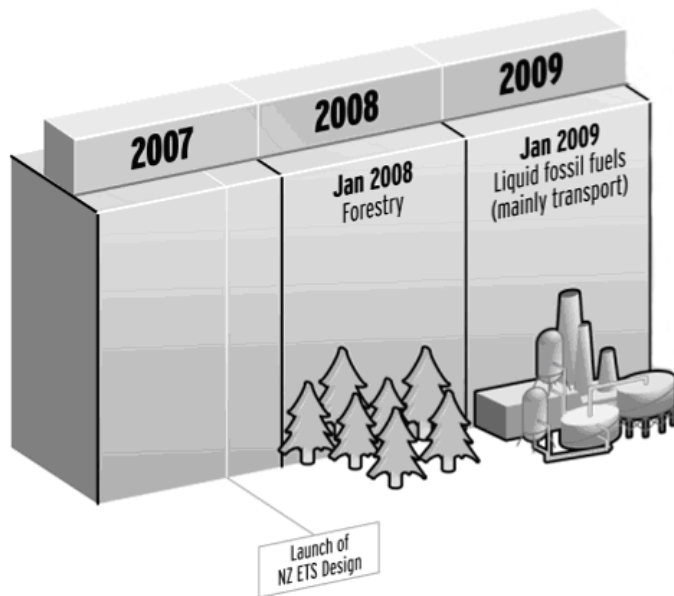
Timeline for sectors to enter the scheme



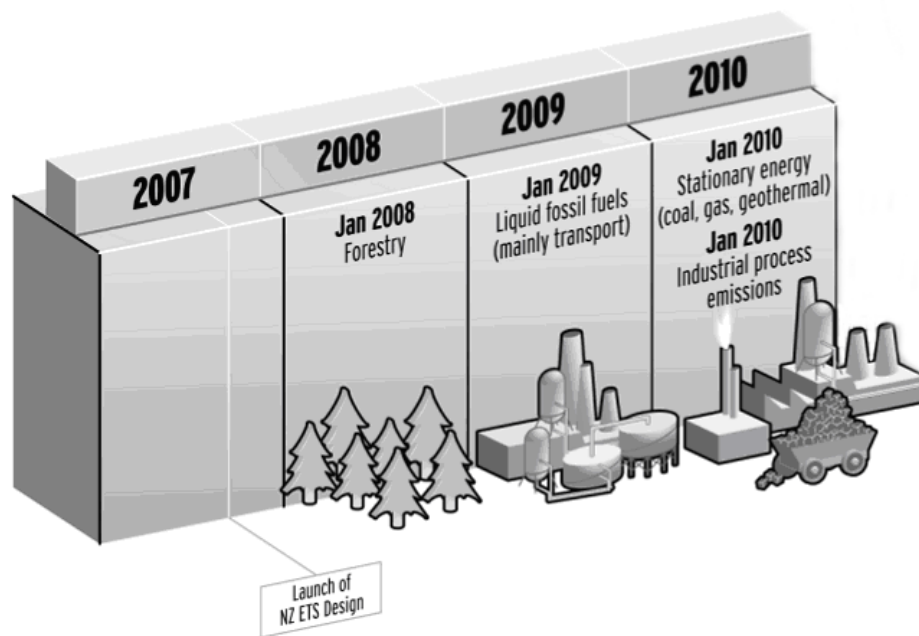
Timeline for sectors to enter the scheme



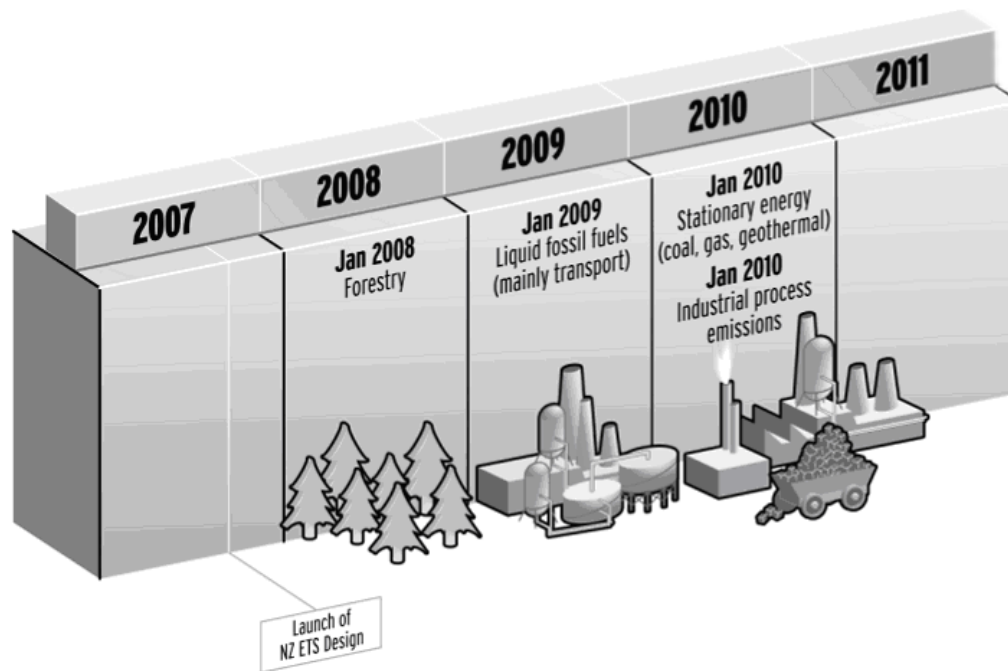
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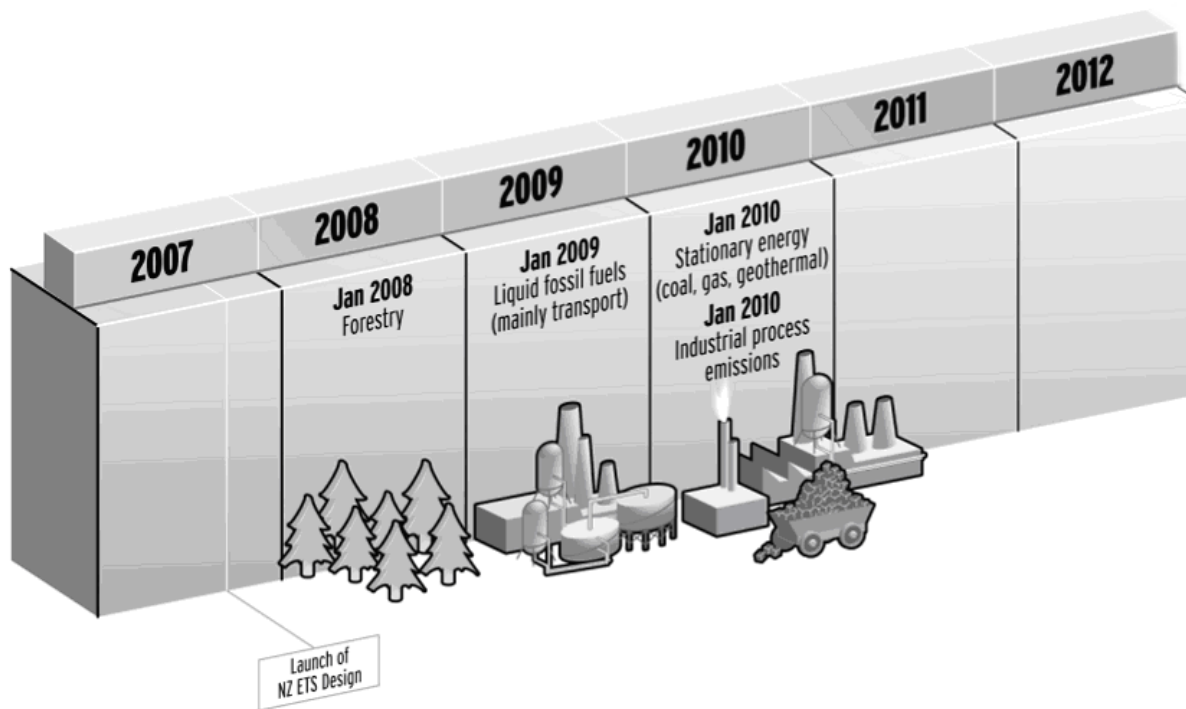
Timeline for sectors to enter the scheme



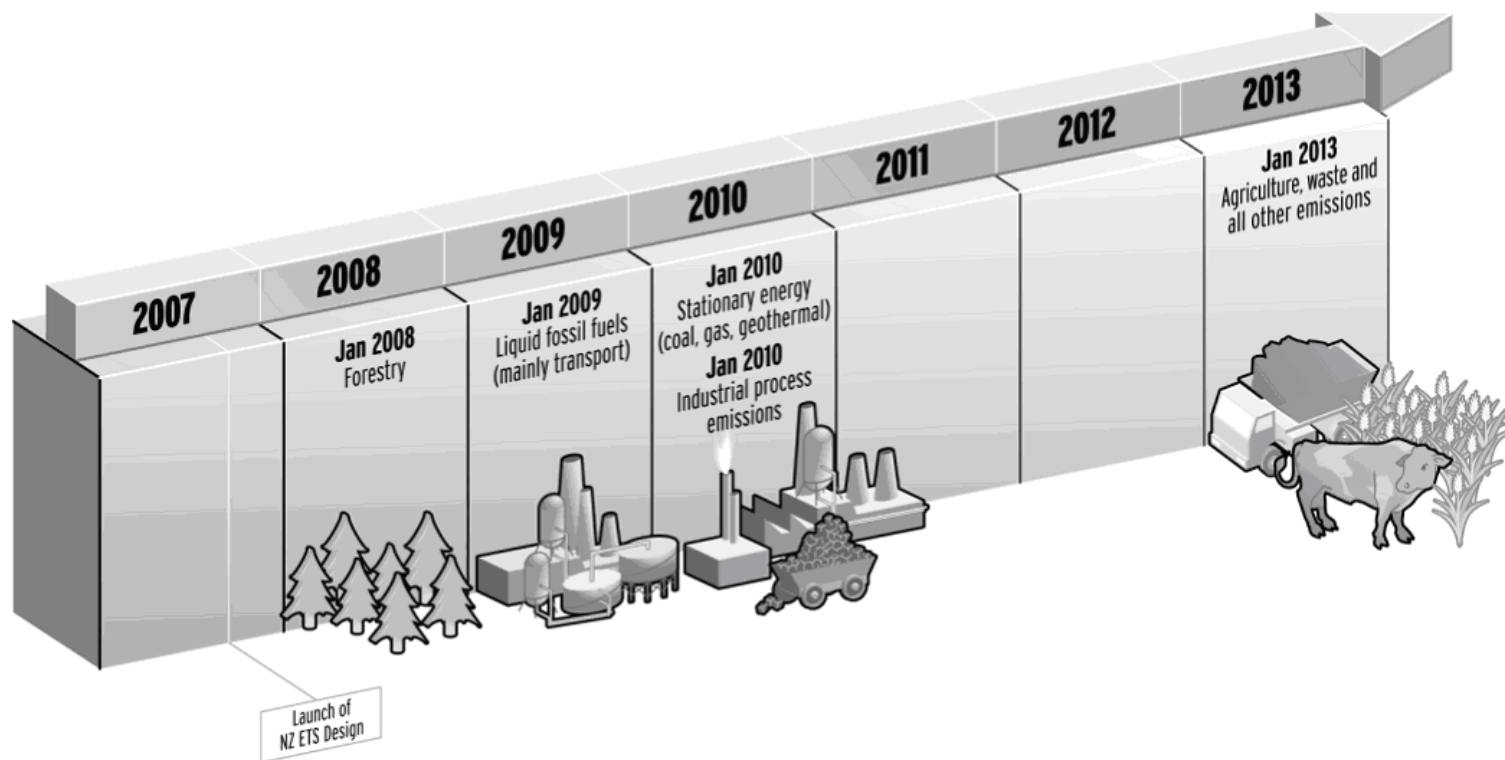
Timeline for sectors to enter the scheme



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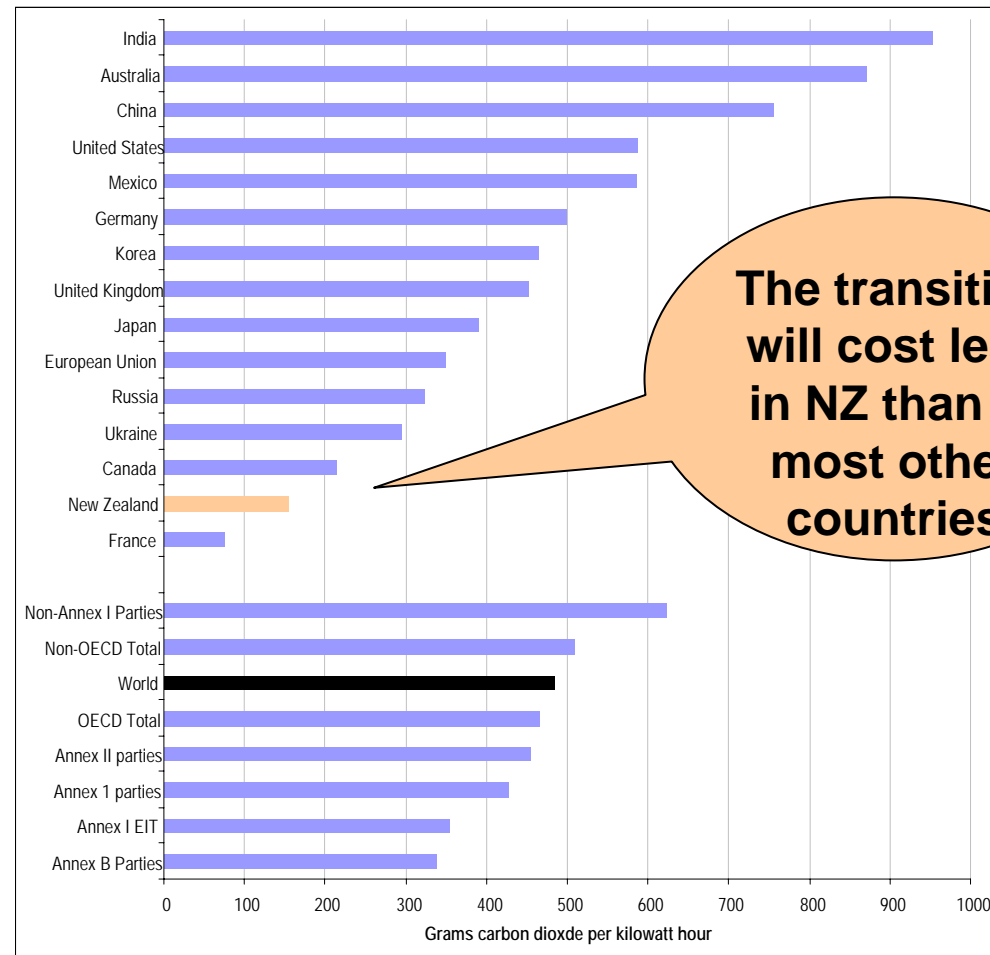
Timeline for sectors to enter the scheme



Target: electricity

- 90 percent renewable electricity by 2025

Carbon dioxide emissions per kWh average 1999-2001



Target: transport

- Halve per capita transport emissions by 2040
- NZ to be world leaders in using electric vehicles



Target: agriculture

- NZ to be world leader in agricultural emissions reduction research
- NZ to lead the world in reducing agricultural emissions



Target: forestry

- Increase NZ's net forest area by 250,000 ha



Towards a carbon neutral New Zealand



2025

Carbon
neutral
electrical
energy

2030

Carbon
neutral
stationary
energy

2040

Carbon
neutral
transport
and
energy

Major consultation completed



NZ – setting the agenda

- As a country we can:
 - reduce emissions
 - grow our economy
 - use resources more sustainably