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Digest No. 1639

Climate Change (Emissions Trading and Renewable Preference) Bill 2007 (2008 No 187-2)

Date of Introduction:	04 December 2007
Portfolio:	Environment
Select Committee:	Finance and Expenditure
Date report presented	16 June 2008
Published: 29 August 2008 Prepared by John McSoriley BA LL.B, Barrister Legislative Analyst P: (04) 471-9626 (Ext. 9626) F: (04) 471-1250	Caution: This Digest was prepared to assist consideration of the Bill by members of Parliament. It has no official status. Although every effort has been made to ensure accuracy, it should not be taken as a complete or authoritative guide to the Bill. Other sources should be consulted to determine the subsequent official status of the Bill.

Purpose

The aim of the Bill is to amend the Climate Change Response Act 2002 (the Act) to introduce a greenhouse gas Emissions Trading Scheme in New Zealand (NZ ETS).

The Bill as introduced is described in [Bills Digest No. 1587](#).

Main Changes to the Bill

The Select Committee has recommended many amendments to this highly technical legislation. These are described in detail in the Select Committee's Commentary on the Bill¹.

¹ Climate Change (Emissions Trading and Renewable Preference) Bill, 2008, No 187-2, As reported from the Finance and Expenditure Committee, pp. 1 - 66.

Purpose

The Select Committee has recommended a new purpose clause in the Act. This provides that the purpose of the Bill is to :

- "enable New Zealand to meet its international obligations under the Convention and the Protocol, including (but not limited to) its obligations under Article 3.1 of the Protocol to retire Kyoto units equal to the number of tonnes of carbon dioxide equivalent of human-induced greenhouse gases emitted from the sources listed in Annex A of the Protocol in New Zealand in the first commitment period; and its obligation to report to the Conference of the Parties via the Secretariat under Article 7 of the Protocol and Article 12 of the Convention;
- provide for the implementation, operation and administration of a greenhouse gas emissions trading scheme in New Zealand that supports and encourages global efforts to reduce greenhouse gas emissions by assisting New Zealand to meet its international obligations under the Convention and the Protocol, and by reducing New Zealand's net emissions below business-as-usual level.

The Select Committee has recommended that the term "business-as-usual levels" be defined as the levels of New Zealand's greenhouse gas emissions, estimated by a Minister or chief executive with powers or functions under the Act at any particular point in time, as if the greenhouse gas emissions trading scheme provided for under the Act had not been implemented (*Part 1, Clause 5*).

Meaning of "forest land"

The Select Committee has recommended minor amendments to the definition of the term "forest land" and other definitions in the Bill (*Part 1, Clause 6, definition of "forest land"*).

Staged entry into the NZ ETS

The Select Committee has recommended that the entry dates for various sectors into the NZ ETS be: Liquid fossil fuels (01 January 2011); imported hydro fluorocarbons (HFCs) and per fluorocarbons (PFCs) (01 January 2013); mandatory reporting in the agriculture and waste sectors (2012) (*Part 1, Clause 4, inserting New Section 2A into the Act*).

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