

25 February 2008

Finance and Expenditure Select Committee
c/o Parliament Buildings
Wellington

**Submission on the Climate Change
(Emissions Trading and Renewable Preference) Bill**

The Southland Chamber of Commerce opposes the Climate Change (Emissions Trading and Renewable Preference) Bill.

We support action to reduce global emissions of Greenhouse Gases but we believe the government should not be imposing restrictive measures upon New Zealand businesses ahead of other countries.

The measures proposed in the Bill, specifically the Emissions Trading Scheme and the limitation on thermal electricity generation, will result in significantly higher energy and transport costs for New Zealand businesses and in particular the Southland Region. These are costs which our trading partners will not have to face.

These costs will reduce New Zealand's international competitiveness and result in a loss of investment and jobs as companies contract activity, close down or relocate offshore.

If businesses do relocate offshore, this will do nothing to reduce global emissions. In fact global emissions might increase if that economic activity were to shift to another economy with more lenient climate change policies than our own.

In the Southland region, as in other regions, we have already lost economic development through the relocation of existing production and new innovative developments in manufacturing by the moving of production off shore to other countries and we know of several companies which say the result of moves made through the passing of this bill will put at risk further planned investment and new jobs. Several existing jobs are also at stake. The Government's own figures show that 1412 jobs would be lost in Southland alone – a 2.9% contraction.

An impact of this size on the economic base of our region would have devastating consequences and would be unacceptable. We urge you to reconsider this legislation.

We strongly believe that New Zealand should not introduce emissions trading or any other price based mechanism to reduce greenhouse gas emissions until our major trading partners face similar costs.

Putting aside the issue of New Zealand moving too far and too fast, we consider the emissions trading scheme to be a flawed way of reducing emissions.

We are concerned that without some sort of mechanism to temper market forces the proposed scheme will result in excessively high and volatile energy prices.

We are also concerned that the free allocation of emissions Units to protect the energy intensive companies will disadvantage smaller businesses relative to larger ones.

We believe a broad-based greenhouse gas charge accompanied by a corresponding reduction in income tax should be considered as an alternative to the emissions trading scheme. This would result in much more stable energy prices.

We are unable to speak to our submission at the Select Committee hearing.

Yours faithfully

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