



Office of Hon Dr Nick Smith

MP for Nelson

Minister for the Environment

Minister for Climate Change Issues

Minister for ACC

21 SEP 2009

CC 1087

Richard Treadgold
Convenor
Climate Conservation Group
richard@wordshine.co.nz

Dear Mr Treadgold

Thank you for your email of 21 August 2009 regarding the costs of meeting New Zealand's 2020 emissions reduction target, and the amount by which global warming will be reduced as a result.

According to the economic modelling that was commissioned by the government and carried out by consultancies NZIER and Infometrics, an emissions reduction of 15 percent below 1990 levels in 2020 would result in reductions in disposable incomes from about \$49,000 to about \$47,650 per year in 2020 – or about \$30 per person per week. This is still a considerable increase on current disposable incomes, which are about \$38,500.

The target that New Zealand agrees to take on in 2020 will not directly affect the costs that households face. Costs to households will mainly result from the international price on carbon and will pass through to New Zealanders via a modified New Zealand Emissions Trading Scheme (NZ ETS). The most important cost increases as a result of this will be increases in the price of petrol and electricity. This is determined in the world market and is beyond New Zealand's direct control.

You can read the full NZIER/Infometrics report on the Ministry for the Environment's website www.mfe.govt.nz/publications/climate/macro-economic-impacts-of-climate-change-policy/macro-economic-impacts-of-climate-change-policy.pdf.

Climate change is a global problem, which requires a concerted global effort to reduce emissions. New Zealand, along with a number of other countries, supports limiting global temperature increases to two degrees celsius. However, given that New Zealand is responsible for only about 0.2 percent of global emissions, any emissions reductions by New Zealand alone will not have a significant impact on global temperatures. The most effective way that New Zealand can impact on global temperatures is by doing our fair share to reduce emissions as a part of a concerted global effort to do so.

Yours sincerely

Hon Dr Nick Smith
Minister for Climate Change Issues