

Submission by



to the

Climate Change Commission

on the

2023 Draft advice to inform the strategic direction of the Government's second emissions reduction plan

20 June 2023

**– A BUSINESSNZ AND BUSINESSNZ ENERGY COUNCIL (BEC) SUBMISSION –
2023 DRAFT ADVICE TO INFORM THE STRATEGIC DIRECTION OF THE
GOVERNMENT’S SECOND EMISSIONS REDUCTION PLAN.**

INTRODCUTION

1. BusinessNZ and the BusinessNZ Energy Council (BEC)¹ welcomes the opportunity to provide the Climate Change Commission with feedback on its consultation document titled *"2023 Draft advice to inform the strategic direction of the Government’s second emissions reduction plan."*
2. We support New Zealand's transition to a net-zero emissions future. We acknowledge that climate change transcends national boundaries, and that New Zealand bears a share of the responsibility to take decisive action.
3. We are also mindful of the need to take action in order to remain competitive in an increasingly global marketplace that values sustainability and carbon neutrality in products and services. This provides New Zealand’s businesses with many opportunities.
4. Nonetheless, during the transition to this net-zero future, it is crucial that the Government’s climate policies, including the Emissions Trading Scheme (ETS) are guided by principles of evidence, efficiency, and fairness. They should be grounded in a comprehensive understanding of trade-offs, unintended consequences, and limitations, and supported by a process that allows sufficient time for communities and businesses to adapt to change.
5. This submission will focus on several high-level issues raised in the Commission’s document and addresses specific questions posed by the Commission. We thank the Commission for engaging with BusinessNZ and BEC members, and for thoughtfully considering the wide range of perspectives and expertise within our membership.

¹ More information about BusinessNZ and BEC is provided in appendix one.

Part 1: Fundamentals for success

1. Net and gross reductions

- 1.1 The Commission has proposed several recommendations that refer to gross emissions, they are outlined below. The Commission recommends that in the second emission reduction plan for the second budget period the Government:
- a) *Commit to a specific level of gross emissions for the second and third emissions budgets, no less ambitious than 362MtCO_{2e} and 322MtCO_{2e} respectively, and ensure that its policy choices align with delivering this outcome.*
 - b) *Communicate indicative levels of gross emissions and carbon dioxide removals from forestry out to 2050 and beyond to guide policy development.*
 - c) *Make the emissions pricing system consistent with delivering the specific levels of gross emissions for the second and third emissions budgets, and with the 2050 net-zero target.*
- 1.2 We highlight that the Commission's insistence on **a pricing system that targets a particular level of gross emissions contradicts the functioning of the ETS**. The ETS operates by determining the abatement cost through the interaction of supply and demand dynamics with capped units that progressively decrease over time. This enables the market to discover the most-effective options at the corresponding price level.
- 1.3 We do not agree with the Commission's statement that the ETS does not 'drive' gross reductions. This statement overlooks the comprehensive approach of the current ETS architecture and New Zealand's net target. **Achieving net-zero requires all options. This includes measures taken by businesses to reduce their gross emissions, which will continue to play an important role in achieving net-zero.** The ETS framework acknowledges all viable options for achieving New Zealand's targets, including gross reductions and removals (which could benefit from the inclusion of CCUS to receive units, not just forest). Each metric tonne that is abated or sequestered holds equal value, resulting in a combination of offset and gross reductions at the most cost-effective balance between the two.
- 1.4 For the ETS to make a distinction by concentrating on gross emissions represents a substantial departure from the above. Specifying a level of gross emissions and establishing a higher carbon price to achieve a particular gross reduction target, deviates from the efficient process of market price discovery. Instead, the determination of emissions costs is transferred to policymakers. It is sometimes difficult for policymakers to fully comprehend the dispersed abatement costs associated with gross reductions across an entire economy. These costs vary among numerous actors and are influenced by countless micro-level decisions. The costs incurred include not only out-of-pocket expenses but the cost of sacrificing preferences.
- 1.5 Committing to a specific level of gross emission reductions would likely require a new set of policies, regulations, levies, an/or subsidies. As noted by the Commission:
- "Failure to specify the intended levels of gross emissions reductions will mean that it is difficult to ensure that appropriate and comprehensive policies are put in place to achieve the necessary gross emissions reductions."*
- 1.6 Opting for specific gross emission reductions often leads to a more costly, complex, and uncertain path when aiming to reduce emissions within a limited timeframe, especially when compared with a focus on net emission reduction. Additionally, it brings forth political risks associated with implementing such policies, along with the unanswered question of who bears the financial liability.

- 1.7 Targeting specific gross emission reductions prompt the initiation of decarbonisation projects that fall higher up the abatement cost curve. Pricing mechanisms aligned to more gross reductions require a considerably higher carbon price corridor, as indicated by the Commission's advice on ETS prices and unit settings in recent years. Consequently, this raises the overall cost of achieving New Zealand's net-zero target.
- 1.8 **It is crucial not to discard the pursuit of the lowest-cost combination.** While this may seem like an obvious point, it is of vital importance. We want to emphasize that the lowest-cost options should not be mistaken for being of "lowest quality." Given the inherent scarcity of time, private and human capital, natural resources, and tax revenue, we are faced with choices. While we may choose to prioritise gross reductions over a combination of gross reductions and sequestration efforts, there are costs involved, both in terms of out-of-pocket expenses and the opportunity cost incurred by diverting resources from other pressing societal issues.
- 1.9 Identifying this lowest-cost option to achieve net-zero, ensures that we attain the maximum carbon emissions reductions for the value of our investments, benefiting businesses and the country. Pursuing additional reductions higher up the abatement cost curve escalates the overall cost, making it significantly more expensive or costly to eliminate gross emissions when compared with the corresponding gains in reductions. Determining the "right" or optimal price for emission reduction is often better accomplished through market mechanisms rather than relying solely on policymakers.
- 1.10 Emitters have the flexibility to opt for the most cost-effective strategies in fulfilling their emission obligations, whether this involves purchasing units or investing in emission reduction projects. The market mechanism ensures that emission reductions are achieved in the most economically viable areas. This approach prevents imposing excessive financial burdens on industries that may struggle to swiftly implement expensive emission reduction technologies.
- 1.11 Nonetheless, it is important to recognise that prioritising gross emissions over the existing approach of considering both options is a deliberate choice. Before any decisions or recommendations are made, a thorough analysis of the cost implications should be rigorously conducted and seriously considered.
- 1.12 **We urge the Commission, and or the Government, to undertake a comprehensive assessment of the costs and benefits associated with altering the structure of the ETS and exploring different options. It is crucial to ensure that any changes implemented do not inadvertently result in worse outcomes overall, failing to deliver the intended benefits envisaged by the Commission's ETS reform efforts.**
- 1.13 We also anticipate that the forthcoming ETS review will thoroughly consider the cost implications of this proposal for businesses and broader society. This approach will ensure that any changes in the principles and structure of the ETS maintain cost-effectiveness in climate policies, while also addressing wider societal demands.
- 1.14 Furthermore, we would like to emphasise that the Commission's insistence on gross reductions deviates from New Zealand's net-zero target, altering the parameters of this goal. It is evident that New Zealand's target does not solely focus on reducing gross emissions, but rather aims for a balance between gross emissions and removals, and potentially incorporates international reductions or achieving net zero. This contradicts the international commitments made by 194 states, including New Zealand's own commitment under the Climate Change Response Act 2002 (CCRA).

- 1.15 According to the CCRA, the target mandates net accounting emissions be zero by 2050. Section 4 of the Act defines accounting emissions as gross emissions, emissions from land use, land-use change and forestry, minus removals, including land-use change and forestry and offshore mitigation. In other words, it encompasses emissions reduced by gross reductions, removals and offshore mitigation, ultimately leading to net-zero emissions. Under the legislation reductions, removals, and offshore mitigation carry equal weight and this understanding is crucial because the environment does not differentiate between the removal and the reduction of one tonne or the reduction of one tonne beyond New Zealand's borders.

2. The role of forestry

- 2.1 We agree with the Commission's recognition of the important role that forests will play in achieving the 2050 emissions target. Exotic forests offer a cost-effective means of capturing carbon over the coming decades, allowing time for the development and deployment of other cost-effective technologies and methods both within New Zealand and internationally.
- 2.2 The Commission has set 2030 benchmarks for action to meet the second emissions budget, based on its demonstration path. These benchmarks include the establishment of 150,000 hectares of new native forest and 360,000 hectares of new exotic forest. The projections assume that exotic afforestation will remain at a baseline level up to 2030 and gradually decrease thereafter, assuming changes to the current ETS design and incentives. The Commission's pathway includes additional removals coming from the establishment of new native forests and reduce deforestation.
- 2.3 **We believe that forestry should remain within the ETS** to signal and incentivise carbon sequestration. This price signal will naturally adjust as new emissions-reducing technologies and methods emerge, and as businesses reduce their emissions. The role of forestry sequestration allows for a combination of low-cost options across the economy, encompassing both gross emissions reductions and offsets.
- 2.4 As mentioned, treating sequestration and gross emissions reductions as having the same price per tonne treats them as equals. However, separating forestry would create two different prices, one for gross reductions and one for sequestration. This would send different signals, even though the climate does not distinguish between one tonne of emissions reduced and one sequestered.
- 2.5 Before considering the removal of forestry from the ETS, it is crucial to properly define the problem and thoroughly assess its scope. According to the Commission, the problem is New Zealand risks relying too heavily on afforestation to reduce emissions, potentially resulting in unintended consequences such as changes in land use from agriculture to forestry. The agricultural sector is concerned about the impact on employment, both upstream and downstream, as well as on the valuable outputs and wider economic benefits the sector provides. However, the extent of the problem, both currently and in the future, needs to be rigorously investigated before making significant amendments to ETS forestry.
- 2.6 The Commission has mentioned that around 60,000 hectares of exotic afforestation occurred in 2022. However, data from the Ministry for Primary Industries (MPI) in its NEFD report in April 2023 showed a net stocked increase of only 20,000 hectares in the same year.² The data also revealed that the net stocked area grew by 41,000 hectares between 2020 and 2022.³ The continuation and attainment of the Commission's benchmark of 360,000 hectares by 2030 are

² [National Exotic Forest Description](#), Ministry of Primary Industries, (2023)

³ Ibid, p6

uncertain, especially considering the regulatory and risk-related challenges associated with afforestation.

- 2.6.1 Forestry undoubtedly encounters risks ranging from forest fires to disease. Most notably, recent extreme weather events, such as Cyclone Gabeille, have shown that forestry is not a risk-free investment. These events may disincentivise some investors who are risk-averse, particularly in areas where the risk is deemed too high. Cyclone Gabrielle highlighted the potential for an investment to be wiped out with accompanying externalities, such as woody debris on land and damage to neighboring infrastructure. The inquiry into slash management and resulting regulatory changes could also impact the economics of exotic forestry.
- 2.7 But confidence in the forestry sector has also been eroded by the ongoing ETS review and the uncertainty surrounding the future tradability of forestry. The Commission's recommendation to separate forestry incentives further exacerbates this uncertainty. Additionally, the combination of regulatory changes and extreme weather events will likely slow down afforestation efforts.
- 2.8 **Managing these risks to forestry is crucial, and policies outside of the ETS, aimed at ensuring well-managed and resilient forests in the face of extreme weather would be more beneficial.**
- 2.9 As emphasised by the Commission, it is important to recognise that the **ETS is a tool rather than a comprehensive strategy**. It has a specific purpose, which is to facilitate price discovery, determining an abatement cost, and doing the heavy lifting to reach net-zero. Therefore, it is unwise and impractical to dismantle this tool in an attempt to address its externalities. Instead, it is necessary to address and mitigate these externalities through other mechanisms. The Commission has proposed several potential options that require thorough evaluation and careful consideration.
- 2.10 We question how the separating the incentives for forestry will operate and connect to the ETS cap. We also question how separating gross reductions, and forestry will solve the problems and risks identified in the advice surrounding disease, slash, fires, and extreme weather events.
- 2.11 Creating a separate mechanism to incentivise afforestation outside the ETS would be a time-consuming and disruptive process. It would likely cause decarbonisation efforts to stall as businesses hesitate to invest without knowledge of the regulatory framework they will operate under. Decarbonisation projects often require significant capital and have long payback periods.
- 2.12 Introducing a new ETS regime that separates gross reductions and sequestration would introduce the risk of delays in emissions reductions without certainty about the effectiveness of the new system. With just over six years to reduce net emissions by 50%, the Commission's recommendation to split the incentives between gross reductions and forestry offsets would likely undermine the achievement of the 2030 target. As later explained in section 5, this will have significant fiscal implications for New Zealand.
- 2.13 Uncertainties remain regarding the tradability of existing NZU-Fs and whether these rights will be preserved once the new regime is established. Landowners interested in afforestation would be inclined to wait for more information, putting the Commission's own forestry benchmark at risk.
- 2.14 Therefore, we support the need for a clear definition of the role of forestry in New Zealand's emissions reduction targets, and we agree that a "clear policy direction" for forestry is currently lacking. Clarifying the role of forestry is essential to reducing participants' uncertainty about

the ETS, especially considering the uncertain future tradability of NZU-Fs, which contributes to volatility in the current carbon price. Delaying decisions regarding forestry would likely worsen market uncertainty.

Native vs pinus radiata

- 2.15 We acknowledge the benefits of increasing native forests in New Zealand, including biodiversity preservation, improved water quality, and reduced soil erosion, along with the promotion of indigenous flora and fauna. We do not oppose exploring options to enhance incentives for native afforestation. However, trade-offs must be considered carefully.
- 2.16 Native forests have a high risk of failure, particularly in drier areas, and require ongoing pest control. By contrast, exotic forests absorb carbon at a rate 3-7 times higher and have a greater overall capacity per hectare compared with native forests, especially when trees are grown for extended periods or as permanent forests. Examples include growing redwoods or eucalyptus as permanent forests or establishing pine forests for durations of 100 years or more. Opting for exotic forests would require less afforestation on a smaller area compared with the Commission's proposals, resulting in lower costs. Given that native forests sequester less carbon, achieving equivalent sequestration would necessitate more land use with implications for land-use decisions.

3. Ongoing ETS uncertainty caused by ongoing changes

- 3.1 We have received feedback from market participants expressing their low confidence due to the high regulatory risk associated with the future of the ETS. This uncertainty has led to a reluctance to purchase units and a preference for waiting until more information becomes available and the future direction of the ETS policy clearer. The market lacks knowledge of the specific recommendations and options that will be presented in the ETS review, contributing to the overall lack of clarity regarding the path to achieving net-zero emissions.
- 3.2 We agree with the Commission's assessment below that this lack of clarity regarding the approach to achieving net-zero will inevitably result in ongoing policy uncertainty, affecting decision-making processes across both the private and public sectors.

"The uncertainty about the Government's objectives for the NZ ETS is likely to undermine the scheme's effectiveness. If the Government does not resolve this uncertainty, it will become increasingly problematic for market participants – emitters, foresters, intermediaries, and consultants – whose businesses and decarbonisation efforts depend on the NZ ETS."

- 3.3 The aim of the ETS review should be to provide clear direction and certainty regarding future ETS policy, including the roles of gross reduction, removals, and industrial allocation policy.
- 3.4 The current process of frequently proposing changes to price controls and unit limits within short timeframes unintentionally creates significant uncertainty for market participants.
- 3.5 The constant adjustments and consultations attached to the ETS not only undermine price discovery but also impede the promotion of essential investments in decarbonisation projects. These projects, which involve significant carbon emission reductions, typically have long payback periods and require substantial capital expenditure. Businesses involved in decarbonisation operate with long-term horizons, extending beyond one or two years or even five years, especially when substantial investments are at stake.

- 3.6 The payback period for such investments often ranges from ten to fifteen years. These extended timeframes necessitate regulatory certainty to provide businesses with the confidence that they can recover their upfront capital expenditure and effectively manage associated risks.
- 3.7 In May 2023, BusinessNZ and BEC commissioned a research paper for the Future of Work Tripartite.⁴ The study involved interviews with leaders from emissions-intensive trade-exposed (EITE) businesses in New Zealand. The primary objective was to gain insights into the actions already taken and planned for transitioning to a low-emissions economy.
- 3.8 Additionally, the research at identifying potential obstacles and solutions for decarbonisation. Throughout the interviews businesses expressed concerns about the challenges they face in attracting capital and justifying substantial investments. These concerns were attributed to the ever-changing nature of emission policies, particularly those related to the ETS and industrial allocation settings. Here are some sentiments shared by these businesses:
- "We can't make long-term investment decisions because of frequent changes to the ETS. It can absolutely destroy a business case, and we don't know what it will look like."*
- "Fiddling with the ETS rules could make our payback of a project look worse. How can we plan long-term when the ETS is so uncertain?"*
- 3.9 In many cases, parent companies operating in different countries tend to make significant investments. Countries that offer a favourable policy environment, promoting decarbonisation and providing regulatory certainty and long-term stability for businesses, are more likely to attract investment than is New Zealand. This situation is detrimental to New Zealand's economy and its ability to meet its emissions targets.

4. Industrial allocation policy

- 4.1 The Commission acknowledges the importance of considering the risk of carbon leakage in climate policies but suggests that allocation policy should be proportionate to the risk. It notes that the risks of carbon leakage have decreased since 2009, given the global transition to the Paris Agreement, which requires action from both developed and developing countries to address climate change. This lower risk of leakage is a positive outcome.
- 4.2 It is evident that countries worldwide have become more serious about climate change since the Kyoto Protocol. They are taking decisive action by developing comprehensive strategies, investing in low-emission technologies, and transforming their economies. In the past decade, the number of emissions trading schemes (ETS) has significantly increased from 13 to 28, which is a positive trend. We hope to see more countries adopting their own schemes.⁵
- 4.3 However, it is worth noting that many countries, including some of New Zealand's trading partners, are still maintaining a business-as-usual approach. Despite the global expansion of ETS schemes, only 17% of global emissions are covered by such mechanisms.⁶ Except for countries within the European Union (EU), only South Korea, the United Kingdom, Mexico, Kazakhstan, Montenegro, and New Zealand include industry in their ETS.
- 4.4 It is crucial for the Commission and the Government to collaborate with industrial businesses with hard-to-abate emissions to identify transition pathways and strategies. However, **we**

⁴ [Insights into emissions-intensive, trade-exposed businesses](#), Future of Work Tripartite Forum Research, Dylan James, Jamie O'Hare, and David Moore, BusinessNZ and BEC, May (2023)

⁵ Emissions Trading Scheme Worldwide, Status Report, International Carbon Action Partnerships (2023)

⁶ Ibid, p28

question the Commission's proposal to explore alternative policies to industrial allocations.

- 4.5 Industrial allocations are implemented in every country that includes energy-intensive and trade-exposed businesses in their ETS to protect against carbon leakage. This is understandable considering the limited coverage of emission pricing globally.
- 4.6 Balancing emissions reduction, increasing carbon prices, and ensuring the competitiveness of firms so they remain in New Zealand is challenging. Industrial allocations protect against carbon leakage while encouraging investment in decarbonization.
- 4.7 Replacing industrial allocations with direct funding for decarbonisation projects, as suggested as possible alternative by the Commission, would eliminate firms' ability to sell their allocations to finance their decarbonisation efforts. This approach would not provide protection against carbon leakage. Furthermore, it assumes that the low-emission technologies are currently available or commercially viable, which is not the case for many hard-to-abate industries. Direct funding is subject to political considerations and carries the risk of being repealed over time, making it difficult to justify long-term investments solely based on funding. Additionally, questions arise regarding the source of funding for such capital investments.

5. Integrating CCUS into the NZ ETS

- 5.1 In order for New Zealand to achieve its carbon budgets, it is crucial to consider and employ all available options. One such option is carbon capture, utilisation, and storage (CCUS) technology. This has been successfully tested and implemented in other countries as a means of reducing greenhouse gas emissions. This technology is rapidly advancing and being implemented on larger scales.
- 5.2 In the New Zealand context, CCUS presents a promising opportunity to take carbon dioxide emitted from upstream oil and natural gas producers, as well as from industrial processes that are difficult to decarbonise, and stored it deep underground in geological formations.
- 5.3 Investing in CCUS aligns with recommendations from authoritative bodies such as the IEA and the IPCC, which recognise the importance of capturing and storing CO₂ as part of effective climate change mitigation strategies.⁷
- 5.4 Under the Climate Change Response Act, carbon capture, utilisation, and storage (CCUS) technology is recognised as a removal activity. However currently, entities cannot receive NZUs (New Zealand Unit) for the CO₂ they remove. We strongly believe that this needs to change.
- 5.5 **We advocate for a revision where entities that can demonstrate the successful removal and storage of CO₂ should be eligible to receive an NZU, regardless of whether they were the ones responsible for releasing the CO₂.** It is crucial that the Government takes steps to develop a comprehensive CCUS regime that integrates the use of CCUS technology and allows entities to earn units.
- 5.6 This is particularly important because many industrial firms lack commercially and technically feasible alternatives to gas. By implementing CCUS, the gas sector's emissions can reduce, enabling many firms reliant on gas to continue operating in New Zealand, while minimising the impact on the climate and the overall costs to the system. Recent modeling conducted by

⁷ IEA <https://www.iea.org/reports/about-ccus> (2023) IPCC, Working Group III, Climate Change 2022: [Mitigation of Climate Change](#) (2022)

Castalia has shown that, of among six different pathways investigated, CCUS delivers the greatest emissions reductions at the lowest cost.⁸

- 5.7 Notwithstanding the technology's value in decarbonizing the gas sector, it also holds potentially beneficial uses for bioenergy. The technology can be used to trap CO₂ from the burning of organic matter from trees and biowaste. Integrating CCUS into the ETS could enable bioenergy carbon capture and storage (BECCUS). The same opportunities are apparent for reducing emissions originating from geothermal energy.

6. **NDC1 fiscal risks**

- 6.1 Notwithstanding the Commission's preference for reforming the Emissions Trading Scheme (ETS) to account for more gross emissions reductions, an evident fiscal risk persists. New Zealand's provisional emission budget for its first Nationally Determined Contribution (NDC1), which represents its international commitment, is more ambitious than its domestic budgets for the period from 2021 to 2030. Meeting the NDC1 target will require New Zealand to purchase offshore credits, even if the domestic targets are achieved.

- 6.2 New Zealand's NDC1 emission budget for the period 2021 to 2030 is set at 571Mt CO₂e. However, the domestic target, as outlined in New Zealand's emissions reduction plan, allows for emissions of up to 670.2 Mt CO₂e during the same period. Currently, achieving the emissions budgets for this period will be a tall order, and seems to be increasingly doubtful. But even if New Zealand achieves its 670Mt CO₂e emissions budget, it will still need to purchase 99.2 Mt CO₂e of offshore mitigation.

- 6.3 The Treasury's Climate Economic and Fiscal Assessment 2023⁹ identified the significant financial risk associated with purchasing offshore mitigation. The Treasury has estimated that the cost for the government in acquiring international carbon credits will range from \$3 to \$26 billion NZD (a cost that does not include policies aimed at reducing emissions to meet domestic targets). The Treasury examined three broad scenarios to determine the costs of the additional credits required. The scenarios are summarised below.

- In a scenario where the price of New Zealand's offshore mitigation purchases aligns with the carbon price assumed by the International Energy Agency (IEA) for emerging and developing economies (approximately \$41 per tonne of CO₂e on average), the purchase cost could range from \$3.3 to \$4.2 billion NZD.
- In a scenario where the price of New Zealand's offshore mitigation purchases aligns with the average of current prices in well-established international emissions markets, the estimated purchase costs range is \$7.7 to \$9.9 billion NZD, depending on New Zealand's domestic emissions trajectory in relation to emissions budgets.
- In a scenario where the price of New Zealand's offshore mitigation purchases aligns with the carbon price assumed by the IEA for advanced economies under a scenario of enhanced global climate action (approximately \$227 per tonne of CO₂e on average), the purchasing cost could range from \$18.3 to \$23.7 billion NZD.

- 6.4 These scenarios highlight the significant uncertainties surrounding the quantity, cost, and funding of the units that will need to be purchased. It is crucial to address and resolve these uncertainties. Overlooking this unresolved obligation increases sovereign risk. As time passes, the risk of stringent regulatory interventions, such as bans and regulations, escalates if the

⁸ [2035/2050 Vision for Gas](#), Castalia, March (2023)

⁹ [Climate Economic and Fiscal Assessment 2023](#), The Treasury, and the Ministry of the Environment

funding for offshore mitigation is not addressed. This poses challenges for businesses, as sovereign risk negatively impacts investment sentiment, discourages investment in decarbonisation projects, and notably risks the return on investment.

- 6.5 One potential source of funding for purchasing offshore mitigation is the revenue generated from the New Zealand Emissions Trading Scheme (NZ ETS), assuming the integration of offshore mitigation does not occur. The total revenue collected through the NZ ETS currently amounts to 5.1 billion NZD. This revenue has accumulated since the introduction of the auction system in 2021. It is important to note that the revenue for the previous year was 2 billion NZD, but this was largely influenced by higher carbon prices.
- 6.6 However, there are several challenges associated with using ETS revenue to fund offshore mitigation. Firstly, this funding would compete with the administration of the Climate Emergency Response Fund (CERF), assuming it continues to exist. As a result, there would be fewer funds available for purchasing offshore credits.
- 6.7 Second, the frequent adjustments to the ETS settings, uncertainty about the separation of forestry from the ETS, and ongoing reviews create significant regulatory uncertainty and risk, leading to the price volatility mentioned earlier. This growing policy uncertainty further hampers the accurate estimation of revenue generated by the ETS, making it uncertain whether there will be sufficient revenue to fund offshore mitigation.
- 6.8 Additionally, there are political limitations involved in funding offshore mitigation by exhausting ETS revenue, from competing societal objectives and growing concerns about the distributional impacts on household and business purchasing power if the ETS price trajectory accelerates.

PART 2: Creating low emissions options.

7. Agricultural emissions

- 7.1 **We endorse the Commission's recommendation to broaden the recognition of practices and technologies that reduce methane emissions.** On-farm technologies will play a crucial role in achieving emissions reductions in New Zealand's agriculture sector. Notably, the development of methane inhibitors presents significant opportunities for emission reduction. The discussion document proposes streamlining approval processes for innovative technologies like methane inhibitors and vaccines, which would bring notable benefits. While acknowledging that these technologies are still evolving, successful methane vaccines would be a groundbreaking and potentially cost-effective means of reducing methane emissions.
- 7.2 **We raise concerns about the Commission's advice to expedite the implementation of an emissions price for the agricultural sector in New Zealand.** The country's agricultural sector is globally renowned for its efficient livestock farming practices and productivity. To maintain this position and fulfill our commitment to the Paris Agreement, the sector must continue innovating and finding effective ways of achieving lower emissions. However, the government's proposed options for pricing agricultural emissions have insufficiently considered the broader impacts on New Zealand's export sector and regional communities.
- 7.3 The Ministry for the Environment's consultation document suggests a preferred option of implementing a farm-level levy, which could lead to a significant decline in net incomes for beef and sheep farms, ranging from 18% to 24%. This reduction would render many farms financially unsustainable and force them to cease operations. Consequently, upstream, and

downstream businesses that provide inputs or purchase outputs from these farms will also need to scale back their activities.

- 7.4 The proposed changes, as per modeling estimates, could potentially decrease agricultural production by up to 9.8% for milk solids, 23.6% for lamb, and 65.4% for beef. Such outcomes contradict the Paris Agreement, which recognises that mitigation policies should not jeopardise food production, as stated in Article 2.1. (b).
- 7.5 In BusinessNZ's submission on the Ministry of the Environment's Pricing Agricultural Emissions Discussion Document in November 2022, the extensive repercussions from pricing agricultural emissions were outlined. The potential loss of production and export volumes could jeopardise New Zealand's comparative advantage in the dairy and meat exports sector.
- 7.6 Three critical upstream industries (fertilizer and pesticides, veterinary services, and agriculture support services) heavily rely on sheep, beef, and dairy farming. Similarly, nearly all outputs from sheep, beef, and dairy farming are directed toward two downstream industries: meat processing and dairy processing. It is estimated that 54,607 jobs in these key upstream and downstream industries nationwide would be at risk if agricultural emissions were subject to pricing. This figure does not include vulnerable on-farm employment in sheep, beef, and dairy farming, which collectively employs an additional 44,500 people.¹⁰
- 7.7 In certain regional economies, the loss of employment could have irreparable consequences. For instance, the closure of local meat processing facilities resulting from a significant reduction in beef and sheep farming would have a cascading effect on household incomes. This, in turn, would reduce activity levels in local private services such as retail and hospitality and potentially disrupt the provision of public services like schools and health services, as skilled workers and their families were forced to relocate to areas with better employment prospects.
- 7.8 On the flipside, it is important to note the potential positive impacts on employment, especially in cases of alternative land uses, and the research, implementation, and adoption of mitigation solutions. The positive impacts extend to some demand side benefits associated with overseas markets viewing New Zealand agricultural exports more favorably. However, the magnitude of these benefits is difficult to measure.
- 7.9 Given New Zealand's efficient pastoral grazing system, the country's farmers are among the most emission-efficient food producers globally.¹¹ Imposing emissions costs on agriculture, while other countries do not, would lead to a decrease in the number of cows and sheep in New Zealand's pastures, with potential implications such as increased stock in feedlots overseas. From a global perspective, shifting food production from New Zealand to less efficient producers elsewhere would not only be detrimental to our economy – where the food and fiber export sector accounts for 14% of the New Zealand economy – but would also be counterproductive in terms of emissions reduction.

8. Banning new gas connections

- 8.1 **We strongly disagree with the Commission's proposal to ban new residential gas connections**, when affordable and technically feasible low-emission alternatives are available. Such a ban would diminish the uptake of renewable gas, and increases the risk of stranded assets. Despite the residential and commercial gas sector carrying a rather low emission profile compared to other sectors.

¹⁰ [Pricing Agriculture Emissions Discussion Document](#), BusinessNZ and ExportNZ submission, (2022)

¹¹ Ibid.,

- 8.2 **While electrification will play a crucial role across New Zealand, it is risky to fully rely on one energy source. Our new energy mix needs to remain diverse. We therefore need to make sure we do not rule out options.** The Commission's advice should focus on achieving emissions reduction outcomes while remaining neutral towards fuel sources, rather than favoring specific winners.
- 8.3 Investing in existing gas infrastructure is crucial for several reasons. It helps to generate funding for the development and maintenance of the necessary infrastructure to support other essential uses of gas. These uses, which the Commission recognises will persist for many years to come, include high-temperature process heat, electricity peaking, and providing cover during dry years. By utilising the existing gas infrastructure, the costs associated with stranding and replacing infrastructure can be minimised, ensuring the efficient use of resources and avoiding unnecessary expenses. Thus, preserving and leveraging the existing gas infrastructure brings tangible value and long-term benefits to the energy system.
- 8.4 The Commission's recommendation overlooks the potential to reduce gas emissions through the development and use of biogas and hydrogen technologies. Decarbonising gas fuels has advantages by eliminating the need for extensive replacement or displacement of existing gas infrastructure, as well as household plumbing and appliances. Biogas, which shares the same chemical composition as natural gas, can be safely blended with it. **By transitioning to biogas, the residential and commercial gas sector could achieve decarbonisation more rapidly.**
- 8.5 In New Zealand, the estimated potential production of biogas from waste material stands at around 10+ petajoules per year (PJ/year).¹² This enough energy to potentially decarbonize a large portion or all New Zealand's residential gas consumption of 7.19PJ.¹³ Waste contributes significantly to the country's greenhouse gas emissions, and diverting waste material from landfills to produce biogas presents a significant opportunity for emissions reduction. As biogas technology continues to mature, it is expected that more supply will enter the market at competitive prices.
- 8.6 However, the implementation of a ban on new gas connections could deter investment in biogas development. Producers require confidence that there will be a sustainable market demand period sufficient to recover their upfront development costs. Without this confidence, the necessary investment to develop biogas infrastructure and technologies may not materialise, impeding the potential for emission reductions and the broader adoption of biogas as a viable alternative to natural gas.
- 8.7 **It is essential that all possible avenues for reducing emissions are considered with none excluded.** The recent sensitivity analysis conducted by BEC on its TIMES-NZ model indicates that regulatory bans often lead to increased costs in the energy system without significant improvements in emission reductions.
- 8.8 **Maintaining optionality and not favoring a single energy source, such as electricity, is crucial for building a resilient energy system. Decision-makers should avoid selecting one fuel over another and instead embrace a diverse mix of energy sources.** A resilient energy system with multiple sources enhances security by mitigating risks associated with fluctuating supply and potential disruptions. It is vital not to sacrifice energy security in the pursuit of reducing gas consumption.

¹² <https://www.biogas.org.nz/nz-biogas-opportunities>

¹³ Energy Balance, supply and demand tables (2021)

- 8.9 New Zealand's energy system stands out for its strength in diversity of supply sources and distribution channels. The country ranks highly in energy supply diversity, and preserving this diversity is important.
- 8.10 Electrification is both economically and technically feasible in the present time but the sustained demand for residential gas, with a significant number of consumers choosing not to switch, and the ongoing increase in new gas connections indicate that many consumers prefer gas and are willing to incur the associated expenses. It is questionable whether consumers need to be shielded from their own preferences while there are costs associated with transitioning to electrification.
- 8.11 Additionally, the Commission's recommendation assumes that as customers transition to electricity, the reduced number of customers sharing the costs of distribution networks will lead to a downward spiral of switching and further cost increases for the remaining customers. However, this overlooks the potential for natural gas to be partially replaced by biogas, which will avoid carbon emissions. Moreover, as customers switch to alternative energy sources, the distribution networks can operate at lower pressures, resulting in lower operating costs that scale with the number of customers until the customer pool significantly reduces.
- 8.12 It is important to note the are optimistic assumptions regarding the net-present value (NPV) of residential switching. For the transition to be economically viable at present, the NPV calculation must consider the price advantage of electricity compared with gas, along with the costs of replacing appliances and undertaking home renovations. If electricity is assumed to be cheaper than gas, this calculation still relies on assumptions about the discount rate and the average costs associated with acquiring new appliances and conducting renovations. Thus, the economic feasibility of switching depends on various factors and requires careful consideration of these cost elements.
- 8.13 A comparison can be drawn with the Esperance Energy Transition Plan, which involves disconnecting fewer than 400 homes in a Western Australian township at a cost of approximately A\$12 million, or \$30,000 per home.¹⁴ This cost includes expenses arising from the remodeling benchtops, installing replacement stovetops, and constructing new hot water closets, among other matters. If the actual cost per switch turns out to be higher than estimated, delaying the implementation of such measures would result in greater economic feasibility over time.

9. Accelerating the development of renewable energy

- 9.1 **We endorse the Commission's recommendation to expedite the development of renewable electricity generation and ensure the adaptability of electricity distribution networks to accommodate the fluctuations in supply and demand.** We concur with the Commission's assessment that prevailing policy settings and proposed measures are contributing to substantial uncertainty, which in turn hinders the progress of renewable electricity generation.
- 9.2 As highlighted by the Commission, the realisation of New Zealand's ambitious climate targets - a 50% reduction in net greenhouse gas emissions by 2030 and achieving net-zero emissions by 2050 – necessitates the decarbonisation of a significant portion of the country's total energy consumption. In the forthcoming decade and beyond, New Zealand is likely to witness an unparalleled surge in the construction of new renewable energy projects, serving as a crucial way to fulfill its climate aspirations.

¹⁴ Horizon Power, [Esperance Energy Transition Plan](#), (2023)

- 9.3 To facilitate this extraordinary wave of development, it is imperative to dispel policy uncertainty and eliminate barriers throughout the consenting process that obstruct the timely delivery of renewable energy generation projects.
- 9.4 However, **it is important that the Commission's recommendation for accelerating the development of renewable electricity generation, by alleviating uncertainties and regulatory barriers, is replicated for other fuels. We fundamentally believe that the energy transition involves a diversity of fuels. Accelerating the development of these fuels will improve energy system resilience and reduce the risks associated with one single point of failure.** One example is resolving barriers and co-ordination issues with anaerobic digestion. The Commission has rightly outlined the Government's likely role in helping to resolve co-ordination constraints.

100% renewable electricity target

- 9.5 The Government has set a target for reaching 100% renewable electricity by 2030. This target has since been reclassified as 'aspirational.' BEC's New Zealand specific model (TIMES-NZ)¹⁵ explores two possible future energy scenarios, Kea, where climate change is prioritised as the most pressing issue, and Tui, where climate change is one pressing issue among many. According to our modelling. Under TIMES-NZ, in Kea and Tui, electricity generation reaches 96% renewable.¹⁶
- 9.6 The Commission's pathway demonstration indicates that the electricity system is projected to reach 96% renewable by 2030. We agree with the Commission's assessment that achieving the ambitious goal of 100% renewable electricity generation by 2030 will likely require market intervention. This injection of uncertainty poses unnecessary obstacles to the development of necessary generation capacity beyond 2030.
- 9.7 Remarkably, even without market intervention, New Zealand's electricity sector is expected to witness a significant decline in emissions intensity. Presently, the sector emits 120 tonnes of CO₂-equivalent per gigawatt-hour (GWh). By 2030, forecasted emissions intensity is expected to plummet to 23 tonnes of CO₂-equivalent, representing an impressive 80% reduction.¹⁷
- 9.8 Efforts to eliminate the remaining 4% of fossil fuels from electricity generation poses significant challenges. It not only amplifies the costs associated with power production but also jeopardises the reliability of the energy system, particularly during dry years and as the more intermittent renewable sources, with sometimes substantial fluctuations in supply, enter the market. These fluctuations range from moments of abundant supply to sudden shortages when the wind fails to blow, and the sun doesn't shine. This reiterates the vital importance of maintaining fuel optionality within the energy system to ensure resilience in the face of potential supply disruptions.
- 9.9 The economic implications of squeezing out the last 4% of thermal generation should not be overlooked. The resulting escalation in electricity prices could undermine the commercial viability of electrifying process heat and transportation, which presents significant opportunities for overall emissions reduction. Therefore, striking a balance between the costs associated with achieving complete fossil fuel phase-out and fostering an environment conducive to the wider adoption of low-carbon alternatives is of utmost importance.

¹⁵ [New Zealand Energy Scenarios TIMES-NZ 2.0](#),

¹⁶ Ibid,

¹⁷ [The Future is Electric](#), Decarbonisation Roadmap for New Zealand's Electricity Sector, Boston Consulting Group (BCG) p104

9.10 It comes as no surprise that the cost of abatement exhibits an upward trajectory, with the marginal cost of each additional unit abated increasing, particularly as we approach the final phase of emissions reduction. This observation aligns with the recommendations put forth by the Interim Climate Change Commission¹⁸:

“Going from 99% to 100% renewable electricity only reduces emissions by a small amount (less than 0.3 Mt CO₂e) at an emissions abatement cost of over \$1,200 per tonne of CO₂e. It is also very likely to result in much higher retail electricity prices than in the business-as-usual future.”

9.11 It becomes clear that this cost, compared with its minor corresponding benefits, highlights investments elsewhere would likely be more cost-effective in reducing the same quantity of emissions. Gas plays a vital role in facilitating the transition towards a renewable-based electricity mix, particularly in meeting the energy demands of industrial users requiring consistent high temperatures. Its versatility allows for operation in all-weather conditions, ensuring reliability in the electricity supply. For decades, gas has served as a firming agent, ramping up generation to meet peak demand and provide sufficient system supply. However, the evolving energy system poses challenges for gas-fired generation.

9.12 First, slow-start generation is ill-suited to meeting sudden surges in demand during peak periods, as it cannot generate electricity rapidly enough to address short-term spikes. Second, the aging of New Zealand's current thermal assets diminishes their reliability. Last, the construction of thermal power stations entails significant capital investment and extended payback periods, as they are expected to operate less frequently due to the increasing adoption of renewable sources. For instance, the utilisation of thermal power currently stands at 34%, but projections suggest a decline to 8% by 2030.¹⁹

9.13 Notwithstanding the prospect of some participants investigating and possibly shifting their legacy assets to more low-carbon fuels, the above factors highlight the likely need for fast start peaker plants in the future, capable of meeting demand peaks and addressing dry periods. The Commission acknowledges the need for natural gas as a backup for the electricity system as renewable energy capacity expands.

9.14 Taking all these considerations into account, maintaining a small level of thermal generation within the system ensures a more affordable and secure electricity supply, leading to greater emissions reductions across the entire sector. This is attributed to the lower cost of electricity compared with a system relying solely on 100% renewable sources.

9.15 Regarding the target of achieving 100% renewable electricity, we view this as relatively arbitrary. Any target should carefully consider the associated costs and unintended consequences while exploring more cost-effective opportunities for emissions reduction. The Government has committed to reviewing this target in 2024, but we believe the review should be brought forward to alleviate unnecessary uncertainty for investors in new generation projects.

NZ Battery Project

9.16 The final decision on investing in Lake Onslow is not anticipated until 2026, and the project itself may require an additional nine years to complete. If realised, Lake Onslow would constitute a substantial infrastructure endeavour comparable to projects undertaken several decades ago.

¹⁸ [Draft first package of advice to the Government](#), BusinessNZ and BusinessNZ Energy Council, p21

¹⁹ [The Future is Electric](#), Decarbonisation Roadmap for New Zealand's Electricity Sector, Boston Consulting Group (BCG) p104

- 9.17 Following a decision, various consents would be necessary. This includes the construction of a 20km tunnel and additional peaking plants in the North Island as backups in case of a high voltage direct current (HDVC) failure. Furthermore, a new HDVC transmission line would need to be established to transmit electricity to the North Island, which poses earthquake risks along the Alpine Fault. The estimated cost of the project is \$15.7 billion. However, international examples have demonstrated that pumped hydro projects have often been built behind schedule and have exceeded their budget.
- 9.18 The NZ Battery Project introduces further uncertainty to the sector. The industry is speculating on the project's progress, which impacts investor confidence. Questions regarding who will bear the costs and operate the pumped hydro scheme create significant risks and potentially hinder investment in flexible generation and storage.
- 9.19 While it is important to explore solutions to address the challenges posed by dry years, any investigations must consider both short-term and long-term energy issues. Modular and decentralized forms of energy have proven advantageous. Recent extreme weather events have underscored the risks associated with relying on a single fuel source. Therefore, the government should explore options that are modular, decentralised, and distribute risk across the country to enhance resilience.
- 9.20 The issues of dry years and peak demand are significant for the sector and demand attention. However, the Lake Onslow project carries an exorbitant price tag and is not modular, nor will it offer timely solutions to the sector's immediate challenges. Clean energy storage solutions are essential for the present and future of our energy system. Unfortunately, the proposed pumped hydro solution at Lake Onslow will not address the sector's immediate needs. Resolving the uncertainties associated with Lake Onslow and the broader Battery Project would provide much-needed certainty and facilitate the accelerated development of renewable electricity generation recommended by the Commission.

Resource Management

- 9.21 According to the Commission's suggested pathway, New Zealand will require over 10.5TWh of additional generation capacity by 2030 to align with our emission budgets. This necessitates the construction of more geothermal power plants, wind farms, solar farms, and other forms of renewable energy infrastructure. However, the current resource management regime is outdated and ill-suited to New Zealand's decarbonisation efforts. Without substantial reform, this regime will impede our progress and hinder the achievement of our emissions targets. It is imperative that the regime be updated to streamline the consent process and ensure efficiency.
- 9.22 Business entities and individuals involved in large-scale energy projects face challenges in complying with and navigating the Resource Management Act's (RMA) environmental limits. Inevitably, any project will have some impact on the environment, and determining whether to proceed requires trade-offs. Unfortunately, the RMA's application over the past three decades has inadequately assessed these trade-offs. The Act's vague and conflicting outcomes, objectives, and principles have resulted in convoluted processes, inconsistent policies, and costly disputes.
- 9.23 The Government's proposed replacement of the National Policy Statements for Renewable Electricity Generation (NPS-REG) and Transmission (NPS-ET) provide a promising opportunity to strengthen the national direction of consenting renewable generation and transmission. However, we note that there are several issues with the wording of both statements. This

wording, and the insertion of certain clauses, could inevitably worsen the current consenting process, most notably, compared with other policy statements such as the National Policy Statement for Freshwater Management (NPS-FM). BEC highlighted these concerns in its submission on both proposed statements.²⁰

- 9.24 We commend the Government's intention to reform and streamline the current regime as this is crucial and should not be abandoned. However, the proposed replacement bills, the Natural Built Environment Bill (NBE) and the Spatial Planning Bill (SP)²¹, have certain difficulties. As outlined in BusinessNZ submission, the NBE Bill is complex, and it remains unclear how decision-making will become faster when the bill's outcomes and principles are contradictory and poorly defined. The extensive list of outcomes lacks a clear hierarchy, and there is limited ability to make cost-benefit decisions regarding trade-offs between competing outcomes.
- 9.25 For instance, constructing a wind farm on a ridge will inevitably conflict with the protection of outstanding natural features and landscapes as specified in the NBE Bill. The inability to assess trade-offs, combined with rigid environmental limits, indicates that environmental considerations take precedence over economic implications or climate change concerns.
- 9.26 The reforms must incorporate a robust cost-benefit test and uphold the principles of property rights. This will ensure that projects necessary for New Zealand's decarbonization efforts, which may not fall under renewable electricity generation, can be fairly assessed based on their trade-offs. These projects include critical energy infrastructure such as gas pipelines and thermal generation, including the potential need for new fast-start gas peakers.
- 9.27 As New Zealand builds more renewables, there is a growing need for demand response and agile thermal capacity in the system. The planning regime must provide an opportunity for projects like fast start peakers to be considered and not dismissed without considering trade-offs, such as ensuring a secure supply to complement intermittent sources. As noted earlier, the transition requires all types of energy projects. **The regime should remain technology-neutral, with project viability determined by the ETS.**
- 9.28 Regarding RMA reform, we refer to BusinessNZ's recommendations to facilitate efficient investment in natural resources and infrastructure development for the benefit of current and future generations.²² The new regime must:
- a) Recognise the importance of upholding property rights to encourage efficient investment and establish guidelines for handling existing use rights.
 - b) Grandfather current resource use rights where feasible and allow for the trading and transfer of rights within a specified framework.
 - c) Introduce a compensation regime for regulatory takings to incentivise regulators to make better decisions when impacting private property in the public interest.
 - d) Provide avenues for merit appeals/reviews when regulatory decisions affect existing property rights.
 - e) Include a cost-benefit analysis of plan changes, enhancing Section 32 of the RMA.

Supply side barriers

- 9.29 Despite the current policy settings, the 100% renewable electricity target, and the NZ Battery Project, there are significant barriers on the supply side that will hinder the development and

²⁰ [BEC submission](#) on the proposed National Policy Statement for Renewable Electricity Generation (NPS-REG) and National Policy Statement for Electricity Transmission (NPS-ET).

²¹ [Natural and Built Environment Bill](#), BusinessNZ (2023) and the [Spatial Planning Bill \(2023\)](#)

²² [Natural and Built Environment Bill](#), BusinessNZ (2023)

delivery of renewable electricity generation. These barriers include shortages of skilled labor and constraints in the global supply chain, as noted by the Commission.

- 9.30 Immigration policy adds additional obstacles for migrants with the necessary skills to come to New Zealand and contribute their expertise to the sector. To meet the Commission's pathway, the relevant infrastructure requires a skilled and available workforce capable of building the necessary infrastructure. We believe that loosening immigration policy would enable more skilled labor to enter New Zealand.
- 9.31 Considering New Zealand is a technology taker, with a small population and isolated in the Pacific, the availability of relevant technology will play a crucial role in the country's ability to build solar and wind farms, among other projects. As the rest of the world races to achieve its own targets and deploy renewable electricity, New Zealand faces intense competition for a limited supply of technology. It is essential to identify and address the challenges in sourcing the required technology. We believe that coordination between the government and the wider energy sector will be invaluable when it comes to implementing mechanisms to reduce supply chain constraints.

10. Developing incentives to accelerate the uptake of zero emissions commercial vehicles, including vans, utes, and trucks.

- 10.1 We support the Commission's recommendation to provide more incentives for the adoption of zero emissions commercial vehicles, including vans, utes, and trucks. Businesses play a significant role in vehicle acquisition and leasing, and commercial vehicles generally have a higher turnover rate compared with privately owned vehicles. This presents an opportunity to increase the availability of second-hand zero emissions vehicles in the New Zealand market over time.
- 10.2 The Government could provide guidance on removing the current disincentives for employers to provide electric vehicles to employees, which arise due to the calculation of fringe benefit tax on employer-provided motor vehicles. Furthermore, it could ensure the rules concerning tax deductibility or the provision of non-taxable allowances to compensate for work-from-home expenses are clear and consistent, given the increased prevalence of remote work. Yet we acknowledge that both considerations are outside the Commission's mandate to steer the strategic direction of climate policy, rather than recommend specific policy proposals.

11. Enabling new technologies that reduce emissions.

- 11.1 Relatively low attention has been placed on the importance of new technologies to help New Zealand to reduce emissions and improve climate resiliency. For instance, smart city technology can optimize energy use, while demand management technologies can support grid decarbonisation. We encourage the Commission to advocate for and support the enabling of new technologies, which includes the telecommunications infrastructure that can enable this.

Appendix One - Background information on BusinessNZ and BEC



BusinessNZ is New Zealand's largest business advocacy body, representing:

- Regional business groups [EMA](#), [Business Central](#), [Canterbury Employers' Chamber of Commerce](#), and [Employers Otago Southland](#)
- [Major Companies Group](#) of New Zealand's largest businesses
- [Gold Group](#) of medium sized businesses
- [Affiliated Industries Group](#) of national industry associations
- [ExportNZ](#) representing New Zealand exporting enterprises
- [ManufacturingNZ](#) representing New Zealand manufacturing enterprises
- [Sustainable Business Council](#) of enterprises leading sustainable business practice
- [BusinessNZ Energy Council](#) of enterprises leading sustainable energy production and use
- [Buy NZ Made](#) representing producers, retailers and consumers of New Zealand-made goods

BusinessNZ is able to tap into the views of over 76,000 employers and businesses, ranging from the smallest to the largest and reflecting the make-up of the New Zealand economy.

In addition to advocacy and services for enterprise, BusinessNZ contributes to Government, tripartite working parties and international bodies including the International Labour Organisation ([ILO](#)), the International Organisation of Employers ([IOE](#)) and the Business and Industry Advisory Council ([BIAC](#)) to the Organisation for Economic Cooperation and Development ([OECD](#)).



The [BusinessNZ Energy Council \(BEC\)](#) is a group of New Zealand's peak energy sector organisations taking a leading role in creating a sustainable energy future. BEC is a division of BusinessNZ, New Zealand's largest business advocacy group. BEC is a member of the [World Energy Council \(WEC\)](#). BEC members are a cross-section of leading energy sector businesses, government and research organisations. Together with its members BEC is shaping the energy agenda for New Zealand.

Our vision is to support New Zealand's economic wellbeing through the active promotion of the sustainable development and use of energy, domestically and globally. With that goal in mind, BEC is shaping the debate through leadership, influence and advocacy.