

**EMBARGOED UNTIL
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MEDIA RELEASE

Act now to set New Zealand on the path to achieve a low-emissions future

The Productivity Commission today released its final report on how New Zealand can transition to a low-emissions economy.

The Commission found that early action on key policy reforms is needed if New Zealand is to achieve its emissions-reduction goals. Chair of the Productivity Commission, Murray Sherwin said that “The period to 2050 will pass quickly. Delaying action is likely to make the transition costlier and more abrupt and limit viable and cost-effective mitigation options in the future.”

Amongst the numerous changes that will be required across the economy – some disruptive, some less obvious – three particular shifts must happen for New Zealand to achieve its low-emissions goals:

- we stop burning fossil fuels and switch to using electricity and other low-emission energy sources. This means a rapid and comprehensive switch of the light vehicle fleet to electric vehicles (EVs) and other very low-emissions vehicles, and a switch away from fossil fuels in providing process heat for industry;
- we undertake substantial levels of afforestation to offset New Zealand’s remaining emissions. This will require sustained rates of planting over the next 30 years (mostly on land currently used for sheep and beef farming), potentially approaching the highest annual rate ever recorded in New Zealand; and
- we make changes to the structure and methods of agricultural production. This will include diversification of land use towards more horticulture and cropping, and greater adoption of low-emissions practices on farms.

These needed changes are unlikely to happen at the scale and pace required unless the Government prioritises action to:

- establish a comprehensive and durable climate change policy framework, including separate legislated long-term targets for short- and long-lived gases; a series of successive emissions budgets; and an independent Climate Change Commission
- reform the New Zealand Emissions Trading Scheme and apply some form of emissions pricing to methane from agriculture and waste; and
- devote significantly more resources to low-emissions innovation and technology, to account for the long timeframes involved in bringing innovative ideas to fruition.

The report also recommends a suite of other policy reforms to help drive the transition. These include introducing emissions standards for newly registered vehicles, a feebate scheme to accelerate the uptake of EVs, and mandatory climate-related financial disclosures.

Murray Sherwin notes that “Innovation is at the heart of a transition to a low-emissions economy. Innovation is also the key to high productivity, high incomes and wellbeing, and high environmental performance – all of which New Zealand has struggled with in recent decades. Done well, the transition to low emissions can be the catalyst to lift our overall economic, social and environmental outcomes. Firm and steady political leadership, including broad agreement across the political spectrum on both the need, and the means, to make the transition is required. New Zealand’s total emissions may be small in the global context, but all nations, however small, are contributors to the climate change problem and therefore must be contributors to the solution.”

“In our draft report, we noted that the transition would be challenging but achievable. Having now completed our work, we continue to hold that view.”

The Productivity Commission’s final report makes 173 findings and 78 recommendations to Government.

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For further information, please contact Louise Winspear, Communications, on 021 511 140 or louise.winspear@productivity.govt.nz.

Notes for editors

1. The report is available at www.productivity.govt.nz/lowemissions and a short two-minute video explaining the findings of the inquiry is also available on the Productivity Commission’s [website](#).
2. The Government asked the Productivity Commission to identify how New Zealand can maximise the opportunities and minimise the costs and risks of transitioning to a low-emissions economy. The inquiry examined options for how New Zealand could reduce its domestic greenhouse gas emissions and transition towards a low-emissions future, while continuing to grow incomes and wellbeing. [See the inquiry terms of reference here](#).
3. The [New Zealand Productivity Commission](#) – an independent Crown entity – was established in April 2011 and completes in-depth inquiry reports on topics selected by the Government, carries out productivity-related research, and promotes understanding of productivity issues.