



s 9(2)(a)

19-D-02362

Dear s 9(2)(a)

On 14 October 2019 the Ministry for Primary Industries (MPI) transferred to the Ministry for the Environment your request of 6 October 2019 requesting the following under the Official Information Act 1982 (the Act):

*Where does the money go to that is collected for or from the Emissions Trading Scheme...*

*As in does it say in New Zealand or go overseas.....*

*If we plant more forestry how are we paid or rewarded for that and by whom. Then what happens to the money we are paid...*

*Should be produce more greenhouses gases and therefore we get penalised for this where does the money we pay for that end up.*

In answer to the first two questions, income that is collected from the Government's fixed price option (FPO) for Emissions Trading Scheme (ETS) participants goes into the Crown's total operating revenue which is then redistributed through the Government's budget processes.

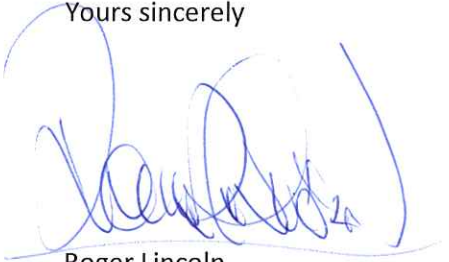
Regarding your third question, rewards do exist for participants of the ETS who remove carbon dioxide from the atmosphere; forestry is the largest participant in this regard. Forests earn one NZU for every tonne of carbon dioxide they capture. Once in their accounts, participants can do what they like with them, such as holding them for the future or selling them onto emitters. If the forest matures and its trees are harvested, then NZUs may have to be surrendered.

Regarding your final question, provided participants submit an NZU for each tonne of carbon dioxide equivalent emitted, then their obligations are fulfilled. If an emitter does not surrender the necessary NZUs by 1 May each year they could be penalised. The Environmental Protection Authority (EPA) administers the transaction of NZUs and also acts as the enforcement agency for noncompliance.

Please note that due to the public interest in our work the Ministry for the Environment publishes responses to requests for official information on our OIA responses page shortly after the response has been sent.

If you have any queries about this, please feel free to contact our Executive Relations team.

Yours sincerely



Roger Lincoln  
Director – Climate Change  
Ministry for the Environment

Released under the provision of  
the Official Information Act 1982