



*Ministry for the*  
**Environment**  
*Manatū Mō Te Taiao*

# **New Zealand Emissions Trading Scheme: Draft Fishing Allocation Plan**

**Consultation Document**

New Zealand Government

## Disclaimer

This document does not constitute legal advice. In the event of any uncertainty, the applicant should obtain independent legal advice.

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# 1 Purpose of this document

The purpose of this document is to seek your feedback on the Government's Draft Fishing Allocation Plan under the New Zealand Emissions Trading Scheme (NZ ETS).

The Minister for Climate Change Issues (the Minister) is required under section 76 of the Climate Change Response Act 2002 (the Act) to give public notice of this document and to make a hard copy available at the head office of the Ministry for the Environment so anyone can make a submission. He is also required under section 76 of the Act to publish the document on the Ministry for the Environment's website.

## Structure of document

This document has three parts.

- Explanation – background information to help you understand the Draft Fishing Allocation Plan.
- Draft Fishing Allocation Plan – the legal document being consulted on.
- Submission form – for giving your feedback on the Draft Fishing Allocation Plan.

## How to give feedback

You can make a submission on the Draft Fishing Allocation Plan using the [form](#) attached to the back of this document and available on [www.mfe.govt.nz](http://www.mfe.govt.nz) or [www.climatechange.govt.nz](http://www.climatechange.govt.nz).

You can make your submission by email to [fishing@climatechange.govt.nz](mailto:fishing@climatechange.govt.nz) or by post to:

Draft Fishing Allocation Plan Submissions  
Ministry for the Environment  
PO Box 10362  
Wellington 6143

**Submissions close at 5.00 pm on Monday 26 April 2010.**

## More information

You can find more information on the New Zealand Emissions Trading Scheme at [www.climatechange.govt.nz](http://www.climatechange.govt.nz).

If you have questions about the Draft Fishing Allocation Plan, you can phone the Climate Change Contact Centre on 0800 CLIMATE (0800 254 628) or email [fishing@climatechange.govt.nz](mailto:fishing@climatechange.govt.nz).

## 2 Background

### Why the Government is giving fishing quota owners emission units

The NZ ETS aims to reduce New Zealand's greenhouse gas emissions by creating a financial incentive for people to reduce greenhouse gas emissions. It will be phased in over seven years, starting in 2008. The primary unit of trade in the NZ ETS is a New Zealand unit (NZU) issued by the Crown. Participants<sup>1</sup> are required to surrender NZUs to the Crown to meet their obligations under the scheme.

One of the effects of the NZ ETS is a fuel price rise of about 3 cents a litre, expected in mid-2010 when transport fuels are included in the scheme. To compensate for the fall in value of fishing quota which may result from this increase in the cost of fuel, the Government will give fishing quota owners a one-off allocation of NZUs. This allocation is required by law under the Climate Change Response Act 2002 (the Act).

The Act contains the following rules and these are not being consulted on.

- The total amount of emission units to be allocated to fishing quota owners (700,000 NZUs).
- The people who are eligible to receive an allocation of NZUs are those shown on the quota register as owners of fishing quota at the end of the day on 24 September 2009.
- A formula for calculating how many NZUs each eligible person may receive.

The Act allows for the Fishing Allocation Plan to impose rules for further tests and thresholds and the type of information that must be supplied with applications. It is these rules that are being consulted on. This consultation document explains the proposed rules and seeks your feedback on them before they are finalised.

### How many units will eligible fishing quota owners receive?

The formula in the Act will be used to determine how many units each eligible person will receive out of the 700,000 NZUs that may be allocated. The formula in section 74 of the Act is:

$$P = A \times (B + C) / (D + E)$$

Where:

P is the quota owner's allocation entitlement under the fishing allocation plan

A is 700,000 units

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<sup>1</sup> A participant is someone who carries out a greenhouse gas-producing activity detailed in the Climate Change Response Act 2002. Participants can be from the following sectors: forestry, stationary energy, industrial processes, liquid fossil fuels, synthetic gases, agriculture and waste. Fishing quota owners or vessel operators are not participants in the NZ ETS and are not required to surrender NZUs or monitor and report on their emissions.

- B is the total quota weight equivalent (expressed in kilograms) of stocks, other than Foveaux Strait dredge oysters, owned by the eligible person on the close of 24 September 2009
- C the total quota weight equivalent (expressed as a number of oysters) of Foveaux Strait dredge oyster stock owned by the eligible person on the close of 24 September 2009 divided by 9.8
- D is the sum of the total allowable commercial catch (expressed in kilograms) of stocks, other than Foveaux Strait dredge oysters (excluding any quota shown in the quota register kept under Part 8 of the Fisheries Act 1996 as being owned by the Crown), on the close of 24 September 2009
- E is the sum of the total allowable commercial catch (expressed as a number of oysters) of the Foveaux Strait dredge oyster stock divided by 9.8 (excluding any quota shown in the quota register kept under Part 8 of the Fisheries Act 1996 as being owned by the Crown), on the close of 24 September 2009.

The formula is based on the total weight equivalent of quota stocks divided by the sum of the total allocated allowable commercial catch of quota stocks. To determine the number of NZUs a person is eligible to receive, the Ministry for the Environment will rely on the information set out in the quota register.<sup>2</sup>

The table below gives examples of the approximate number of NZUs that would be received for certain amounts of quota.

Individual Transferable Quota weight equivalent (kg)	Number of NZUs that an eligible quota owner could receive
0 ≤ 410	0
411 – 821	1
5,000	6
20,000	24
50,000	61
100,000	122

## Using emission units

Under the NZ ETS, some industrial companies and liquid fossil fuels companies may want to buy emission units to cover the greenhouse gas emissions they produce each year.

Fishing quota owners may be able to sell their allocation of NZUs to these companies, either directly or through someone else, such as a broker. Until at least the end of 2012, the value of a unit is unlikely to be more than \$25 and may be less.

NZUs allocated to fishing quota owners cannot be sold to other countries with emissions trading schemes.

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<sup>2</sup> Climate Change Response Act 2002, section 77 (9).

## **Iwi yet to receive fishing quota**

Some iwi are yet to be allocated their fishing quota under the Treaty of Waitangi (Fisheries Claims) Settlement Act 1992 or were allocated quota after 24 September 2009. Their interest is held on the quota register by Te Ohu Kai Moana Trustee Limited. Te Ohu Kai Moana will receive the allocation of NZUs and are responsible for transferring it to these iwi.

## 3 Applying for NZUs

### Opening an emission unit account

You can only receive an allocation of NZUs if you have an account with the New Zealand Emission Unit Register (NZEUR). The NZEUR is the ‘bank’ for emission units. The NZEUR only operates via the internet and you need an email address to open an account. You can open an account any time and there are no fees to do this.

The steps to opening an account with the NZEUR are as follows.

1. Register as a user of the NZEUR and obtain a ‘username’ and ‘password’ – each individual who wishes to use the NZEUR must complete this step before applying to open a unit holding account (step 2).
2. Apply online to open a unit holding account in the NZEUR and nominate one to five registered users who can operate the account.
3. Complete, sign and submit the declaration form that is sent to you after you have applied online. If two or more people are joint owners of the quota, all the joint owners will need to be the joint holders of an NZEUR account, and all will need to sign the declaration form to open the account.

The decision to apply and complete the steps above rests with the person or organisation applying. If you do not complete all the steps, you will not be eligible to receive units. It is not feasible for Fishserve to undertake these tasks on behalf of quota owners, given that like any other asset, the holding and trading of NZUs is the responsibility of the quota owners who receive them. Government officials have made the process for applying as straightforward as possible, and can provide you with information and help you with completing your application.

Once you have decided you wish to apply, the Registrar of the NZEUR recommends that you begin the application process to open your account as soon as possible.

For more information, visit [www.eur.govt.nz](http://www.eur.govt.nz), particularly the guides called *Fishing Quota Owners’ Guide to Opening a Holding Account* and *Registering as a User*.

### Applying for and receiving emission units

After the final Fishing Allocation Plan is issued, the Ministry for the Environment (on behalf of the Minister for Climate Change Issues) will invite eligible people to apply for an allocation of NZUs – that is, if they are shown on the quota register kept under Part 8 of the Fisheries Act 1996 as an owner of a fishing quota on 24 September 2009.

In some instances, successors to the quota owners as at 24 September 2009 may be eligible for an allocation of NZUs under the Fishing Allocation Plan. For example, if an individual quota owner (as at 24 September 2009) has subsequently deceased or a body corporate quota owner (as at 24 September 2009) has subsequently been wound-up or dissolved then some other person or body corporate may be eligible for the allocation that would otherwise have gone to

the deceased person or wound-up company. In such instances, the Ministry for the Environment (on behalf of the Minister) will consider applications from those claiming to succeed to the allocation and will determine their eligibility. Such people must provide evidence necessary to establish that they are eligible to receive an allocation of NZUs under the Fishing Allocation Plan.

Every eligible person (and anyone claiming to be entitled by succession) must fill out an application form and send this with a signed declaration to the Ministry for the Environment by the given date. You may be asked to provide further information to support your application. If so, you will have 20 working days to provide the information.

The Ministry for the Environment (on behalf of the Minister) will consider each application and make a preliminary determination (or decision) whether the applicant is eligible to receive an allocation, the total number of NZUs the person is entitled to receive under the plan, and the year in which the NZUs will be transferred. Applicants will be notified of this information and be given an opportunity to provide further information by a specified date if they think the determination is incorrect.

The Ministry will take into account any information provided by the date specified, and then make a final determination about each applicant's entitlement to receive NZUs and notify applicants of this.

The decision will also be published in the *New Zealand Gazette* and on the Ministry for the Environment's website ([www.mfe.govt.nz](http://www.mfe.govt.nz)). Following this, NZUs will be transferred to the NZEUR unit holding accounts of each eligible person.

## **What records must you keep and for how long?**

The Draft Fishing Allocation Plan says that you must keep copies of the information submitted with your application for a minimum of seven years from the date you receive the last of any NZUs allocated to you.

If you provide misleading or inaccurate information you may be given penalties under the Act or may be required to return some or all of the NZUs you have been allocated.

## 4 Issues we want feedback on

This section outlines the matters contained in the Draft Fishing Allocation Plan that we want your feedback on.

### Rule to establish a threshold

The Draft Fishing Allocation Plan does not specify a minimum amount of quota to be held on 24 September 2009 for you to be eligible for an allocation of NZUs. This is total quota owned rather than an amount for each quota species. However, practically, the minimum amount of kilograms you would need to hold to receive one NZU is 417 kg because NZUs can only be allocated as whole units. NZUs will be rounded down from 0.1 – 0.4 and rounded up from 0.5 – 0.9.

There may be little benefit to you from receiving small numbers of NZUs if the cost of applying for and selling the emission units is more than the value of the units. If no threshold is set as proposed, you will need to decide whether or not applying for NZUs is worthwhile. The value of a unit is unlikely to be more than \$25 and may be less until at least the end of 2012. Section 2 above explains how you can estimate the number of NZUs you are likely to receive.

You may simply choose not to apply. This has no effect on the amount of allocation others may receive as that is determined by the formula specified in the Act.

If a minimum threshold is set, then only quota owners who own [threshold]kg of quota or more would be eligible to apply for an allocation of NZUs. Setting a minimum threshold does not affect the number of NZUs you would receive because the amount of allocation is determined by the formula specified in the Act.

#### Question 1

Do you think a threshold should be set for the minimum quota to be eligible for an allocation of NZUs?

#### Question 2

If you think a threshold should be set, what total quota threshold do you recommend and why?

### Information to be supplied with applications

Applicants will need to provide certain information to receive an allocation of emission units. Clause 4 of the Draft Fishing Allocation Plan says that you must supply the following information on your application form.

- The eligible person's name as it appeared on 24 September 2009 in the quota register.
- The eligible person's quota identification number (also called the FishServe client number).

- The eligible person's unit holding account number in the New Zealand Emission Unit Register (see the section on opening an emission unit account above).
- Any other evidence necessary to establish that the applicant is eligible to receive an allocation of NZUs under the Fishing Allocation Plan.
- A signed declaration stating that all the information the applicant has provided is true and correct to the best of their knowledge and belief, that they have received notification from the Registrar that the eligible person's unit holding account is open, and that if the declaration is signed by a person other than the eligible person, that they are authorised to make the declaration and sign on behalf of the eligible person.

**Question 3**

What are your views on the proposed information requirements? Would you have any difficulties supplying this information?

**Question 4**

Will providing information cost you anything? If yes, please say why and give an estimate of how much it would cost.

## Workshops

The Ministry for the Environment is considering running workshops on how to apply for an allocation of emission units and how to open a New Zealand Emission Unit Register account. Please use the attached submission form to tell us whether you would be interested in attending.

# 5 Finalising the Fishing Allocation Plan

## Issuing the final Fishing Allocation Plan

The Ministry for the Environment will prepare a report to the Minister for Climate Change Issues on any submissions received on the Draft Fishing Allocation Plan.

The Minister will consider the report on submissions and if satisfied with the consultation will recommend to the Governor-General that a final Fishing Allocation Plan is issued. The Governor-General will then issue the final Fishing Allocation Plan.

## Timeline

Submissions on the Draft Fishing Allocation Plan close at 5.00 pm on Monday 26 April 2010.

A possible timeline for the process of allocating emission units is shown below. These dates are not final and will be reviewed when the final Fishing Allocation Plan is issued. For updates to this timeline, visit [www.climatechange.govt.nz](http://www.climatechange.govt.nz). Sections 2 and 3 above have detailed explanations of each step in the process.

### Proposed timeline for fishing allocation

Date	Activity
June	Final Fishing Allocation Plan issued by the Governor-General
	Letters and public notice inviting eligible fishing quota owners to apply for NZUs
July	Applications close (see section above on "Applying for and receiving emission units")
	Preliminary determinations made
	Applicants may provide any further information
August	Further information from applicants due
	Final determinations made and published
September	NZUs transferred to eligible quota owners

# **Appendix 1: Draft Fishing Allocation Plan**

# DRAFT FOR CONSULTATION

## **Climate Change (Fishing Allocation Plan) Order 2010**

Governor-General

### **Order in Council**

At Wellington this                      day of                      2010

Present:  
in Council

Pursuant to sections 70 and 74 of the Climate Change Response Act 2002, His Excellency the Governor-General, acting on the recommendation of the Minister for Climate Change Issues and on the advice and with the consent of the Executive Council, makes the following order.

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## Order

- 1 Title**

This order is the Climate Change (Fishing Allocation Plan) Order 2010.
- 2 Commencement**

This order comes into force on 15 June 2010.
- 3 Allocation plan issued**

The fishing allocation plan set out in the Schedule is issued.

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## Schedule

### Fishing allocation plan

cl 3

- 1 Title**

This allocation plan is the fishing allocation plan.
- 2 Commencement**

As provided for in section 70(3) of the Act, this allocation plan comes into force on the day after the date on which it is presented to the House of Representatives.
- 3 Interpretation**

In this allocation plan, unless the context otherwise requires,—

**Act** means the Climate Change Response Act 2002

**eligible person** means a person who was shown in the quota register kept under Part 8 of the Fisheries Act 1996 as an owner of a fishing quota on 24 September 2009

**unique identifier**, in relation to an eligible person, means the unique identifier assigned to that person under the Fisheries Act 1996.
- 4 Requirements for provision of data and information**
  - (1) To receive an allocation of New Zealand units under this allocation plan, an eligible person must provide the following information:

- (a) the eligible person's name, as it appeared, on 24 September 2009, in the quota register kept under Part 8 of the Fisheries Act 1996; and
  - (b) the eligible person's holding account number in the New Zealand Emission Unit Register; and
  - (c) the eligible person's unique identifier; and
  - (d) any other evidence necessary to establish that the eligible person is eligible to receive an allocation of New Zealand units under this allocation plan.
- (2) The information provided under subclause (1) must be accompanied by a signed declaration that—
- (a) all of the information that has been provided is true and correct to the best of the eligible person's knowledge and belief; and
  - (b) the eligible person has received notification from the Registrar that a holding account for the eligible person is open; and
  - (c) if the declaration is signed by a person other than the eligible person, the person making the declaration is authorised to make the declaration on behalf of the eligible person.

## 5 Allocation of New Zealand units

An eligible person who complies with clause 4 is entitled under this allocation plan to an allocation of New Zealand units calculated in accordance with the formula set out in section 74(2)(c) of the Act, namely—

$$P = A \times (B + C) / (D + E)$$

where—

- P is the eligible person's allocation entitlement under the fishing allocation plan
- A is 700 000 New Zealand units
- B is the total quota weight equivalent (expressed in kilograms) of stocks, other than Foveaux Strait dredge oysters, owned by the eligible person on the close of 24 September 2009
- C is the total quota weight equivalent (expressed as a number of oysters) of Foveaux Strait dredge oyster stock

owned by the eligible person on the close of 24 September 2009 divided by 9.8

- D is the sum of the total allowable commercial catch (expressed in kilograms) of stocks, other than Foveaux Strait dredge oysters (excluding any quota shown in the quota register kept under Part 8 of the Fisheries Act 1996 as being owned by the Crown), on the close of 24 September 2009
- E is the sum of the total allowable commercial catch (expressed as a number of oysters) of the Foveaux Strait dredge oyster stock (excluding any quota shown in the quota register kept under Part 8 of the Fisheries Act 1996 as being owned by the Crown) on the close of 24 September 2009 divided by 9.8.

**6 Rounding**

A number that results from a calculation made under clause 5 must be rounded to the nearest whole number as follows:

- (a) an amount of less than 0.5 must be rounded down:
- (b) an amount of 0.5 or more must be rounded up.

**7 Record-keeping requirements**

An eligible person to whom New Zealand units are allocated under this allocation plan must retain, for a minimum of 7 years from the date on which the units are transferred to the person, copies of all information submitted by the person with the application for an allocation under this allocation plan.

Clerk of the Executive Council.

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**Explanatory note**

*This note is not part of the order, but is intended to indicate its general effect.*

This order, which comes into force on 15 June 2010, issues a fishing allocation plan under section 70(1) of the Climate Change Response Act 2002. Under section 70(3) of that Act, the allocation plan comes

into force on the day after the date it is presented to the House of Representatives.

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Issued under the authority of the Acts and Regulations Publication Act 1989.

Date of notification in *Gazette*:

This order is administered by the Ministry for the Environment.

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# Appendix 2: Draft Fishing Allocation Plan submission form

This form is also available on [www.mfe.govt.nz](http://www.mfe.govt.nz) or [www.climatechange.govt.nz](http://www.climatechange.govt.nz)

## 1. Contact details

Your name	
Organisation you represent	
Fishing quota owner	Yes / No
Address	
Email address	
Daytime phone number	
Mobile phone number	

## 2. Submission

### Question 1: Rule to establish a threshold

Do you think a threshold should be set for the minimum quota to be eligible for an allocation of NZUs?

### Question 2: Rule to establish a threshold

If you think a threshold should be set, what total quota threshold do you recommend and why?

### Question 3: Information to be supplied with applications

What are your views on the proposed information requirements? Would you have any difficulties supplying this information?

**Question 4: Information to be supplied with applications**

Will providing information cost you anything? If yes, please say why and give an estimate of how much it would cost.

**Question 5: Other feedback**

Do you have any other comments or suggestions on the issues covered by this consultation document?

**Question 6: Workshops**

Ministry for the Environment officials are considering running workshops on how to apply for an allocation of emission units and how to open a New Zealand Emission Unit Register account.

Are you interested in attending a workshop?      YES / NO    (delete one)

If yes, please circle which city you would be able to attend in.

**North Island**

Whangarei      Napier  
Auckland      New Plymouth  
Hamilton      Wellington  
Tauranga  
Gisborne

**South Island**

Nelson  
Christchurch  
Greymouth  
Dunedin  
Invercargill

You can make your submission by email to [fishing@climatechange.govt.nz](mailto:fishing@climatechange.govt.nz) or by post to:

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**Submissions close at 5.00pm on Monday 26 April 2010.**