



Representing Mean Green Products

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Submission:

Just in terms of a general response to your questions:

The private sector will not respond, and does not have the capacity to respond, to these issues as outlined in your brief.

Change, and the necessary strategies, can only be instigated under urgency by Government policy.

As you describe, the current carbon price offers no incentive for the private sector to initiate change. Carbon prices need to reflect that, but income gained from the ETS should be recycled for investment in new plant. I note you point out that there is a lack of private-sector capital for these projects.

However, there is a danger that this opens up opportunities for cheap capital to the very people that have been encouraging destruction of the environment, and have been profiting from it, for a very long time. Hence, Government financing should not be in the form of "subsidies," but should take the form of either a joint venture, where the people of New Zealand have some ownership in the project (a pellet plant for example), or a debt for equity arrangement where debt is transferred to public equity if there are issues surrounding repayment.

There is also no reason why the NZ Super Fund or ACC could not purchase "New Technology Bonds" under Government guarantee to expedite the construction of the necessary plant. As the best technology for these large-scale pellet plants is

to found in Europe, I imagine banks from that region would also look favourably upon investing in European based technology.

In summary, I note all the concerns listed in your outline, but they are only insurmountable if left to the free market to work out – the same free market that has got us into this situation in the first place.

Historically, mankind has never faced this kind of danger and the boardrooms of private enterprise are not going to get us out of it.

We need leadership and decisive Government action now if we are to have any chance of saving the planet.

Yours faithfully,

A handwritten signature in blue ink, appearing to be 'Bruce A. Scott', written in a cursive style.

Bruce A. Scott
Director
Carbon South Limited.