

Global Warming No Longer Cool Even in New Zealand

From north America and western Europe to east Asia and Australia, politicians are raising doubts about the costs of reducing carbon emissions to combat climate change. But who would have thought that even in New Zealand, which likes to parade its environmental credentials, global warming is no longer cool?

Overseas observers will have noticed that the Land of the Long White Cloud periodically gets an urge to 'lead the world' in some area of public policy. Often politicians and diplomats talk grandly of the country 'punching above its weight'.

New Zealand has made many deluded (as well as admirable) attempts to lead the world.

In the 1970s the architects of our misbegotten state monopoly, no-fault accident compensation scheme regarded it as a pioneering innovation that Australia and other countries would quickly follow. Wisely, none did.

In the 1980s, the Labour government wanted to lead the world by banning visits by nuclear-powered ships. This has had as much effect on nuclear powers as a lecture on vegetarianism to a pride of lions.

From the 1990s, New Zealand has hankered to lead the world on climate change.

The minister for the environment in the National Party government of the 1990s, Simon Upton – who was in many ways a Malcolm Turnbull lookalike – enthusiastically promoted New Zealand's signature of the Kyoto Protocol in 1998.

The Labour government elected in 1999 ratified Kyoto with equally breathless enthusiasm in 2002, notwithstanding the lack of any supporting analysis that it was in New Zealand's interest to do so.

However, successive governments have struggled to implement policies to meet Kyoto commitments.

A carbon tax proposal failed for lack of parliamentary support after the 2005 election.

A costly attempt to negotiate voluntary agreements with major firms to cut emissions was also abandoned.

Shortly before it was ousted in the 2008 election, the Labour government, which wanted New Zealand to become “the world’s first truly sustainable nation”, legislated for an emissions trading scheme (ETS) and a ban on new thermal electricity generation.

The current National government promptly repealed the thermal ban and amended the ETS to make it somewhat less onerous in November 2009. Nevertheless, it wanted to have the amended scheme on the statute books before the UN conference in Copenhagen last December, in the vain belief that it would help New Zealand’s negotiating position. The amended scheme is scheduled to come into effect in July of this year.

There are several peculiarities about New Zealand’s climate change situation.

First, New Zealand accounts for 0.2 percent of global emissions. The idea that it matters in a global context is sheer hubris.

Second, the government’s official scientific advisers consider that warming in New Zealand is likely to be only around two-thirds of any global increase. Thus even if global temperatures were to increase to the upper end of the IPCC range, the New Zealand temperature rise would be in the 2-3°C range.

Probably most New Zealanders would be happy, other things being equal, if the country’s average temperature were 2-3°C higher. Aucklanders would then enjoy around the historical average temperature in Sydney.

Third, some 50 percent of New Zealand’s greenhouse gas emissions are methane emissions from agriculture. Around 60 percent of electricity

generation is hydro-based. New Zealand does not have many low-cost options for cutting emissions.

Fourth, one way New Zealand could possibly meet its Kyoto commitments is through expanded forestry planting. The Labour government argued that credits from forestry sinks would be worth half a billion dollars annually: 'Why would you burn a cheque for \$0.5 billion?', it asked. However, this presumed 'asset' turned into a potential liability as planting rates fell, due in part to foresters' fear of further government meddling. The contribution of forestry to future net emissions reductions is unclear.

Of course it should have been obvious to any sober analyst that New Zealand should not pretentiously try to 'lead the world' on climate change. There is a good case for New Zealand acting as a responsible international citizen and to protect our commercial interests (eg to help avert 'food miles' and long-distance tourism sanctions by other governments). But there is no case for moving ahead of significant trading partners, notably Australia and the United States.

When the Rudd government ratified the Kyoto Protocol and proposed the Carbon Pollution Reduction Scheme, business organisations agreed New Zealand should move in step with Australia, but the Business Roundtable favoured a carbon tax or a simple energy tax over an ETS. For its part, the government has aimed at alignment of its policy with Australia, including on details of the CPRS.

Now the landscape has changed again. The Copenhagen conference failed, no legal treaty after 2012 is in sight, there is no CPRS to align with, the United States seems unlikely to be implementing a cap-and-trade regime any time soon, any eventual agreement may limit countries' ability to meet obligations by the purchase of offshore credits, available credits may only be available at high prices, and New Zealand will place its trade-exposed industries at risk if it proceeds with its ETS ahead of other trading partners.

The main business organisations have recently written to the prime minister asking that the ETS should be reviewed or suspended pending developments in Australia and elsewhere.

Observing the Australian debate over the last couple of years has been like watching New Zealand's experience on fast forward. It is one thing to ratify an international treaty with fanfare. It is another to figure out how to implement it and retain voter support for measures that will burden industry and hit household budgets.

The controversy swirling around the IPCC hasn't helped the political constituency for action. Questions are being asked about the impartiality of New Zealand's own scientific assessments and why its scientists, along with other participants in the IPCC process, did not pick up practices unbecoming to scientists.

As British economist David Henderson has pointed out in *The Australian*, the 'Climategate' and 'Glaciergate' scandals are not to be viewed in isolation. "They are instances of a more fundamental and deeply entrenched phenomenon... the established official expert advisory process which governments have commissioned and relied on has shown itself, over many years, to be not professionally up to the mark."

Credulous governments have committed themselves to costly programmes on the basis of a tainted process and without adequate scrutiny of evidence and arguments.

At least until recently, New Zealand media have seldom critically evaluated the scientific, economic and political dimensions of the global warming crusade. We have lacked outstanding journalists like Andrew Bolt who has relentlessly questioned its foundations. Over the past 15 years the Business Roundtable has brought Richard Lindzen, Robert Balling, Patrick Michaels, David Henderson, Bjørn Lomborg and Nigel Lawson to New Zealand in an effort to inject some balance into the debate.

Perhaps the public mood is changing. Certainly the John Key-led National government is more sober and rational about the issue than its predecessors. Nevertheless, it would still be well advised to suspend the

ETS and adopt a 'wait and see' approach, pending the next UN conference in Mexico in December this year and developments in Australia and the United States.

The UN Framework Convention on Climate Change, which gave rise to the Kyoto Protocol, had its origins in the Rio summit of 1992.

As time goes by and the issue becomes more and more fraught, the observation of British historian Paul Johnson seems pertinent: 'What did the Earth do to deserve a Summit?'

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