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2 June 2015

Submission on setting New Zealand’s post-2020 climate change target

Dear Sir/Madam,

The 2009 Copenhagen Accord states:

I am having difficulty writing this submission. I could claim that is because responding to climate change is a wicked and multi-valent problem where social and cultural framings predominate rather than logical analysis.

But that’s not my reason. I have difficulty writing because this consultation and indeed all climate change policy under the present National-led government has been carried out in an astoundingly incompetent way.

The consultation document pays lip service to the IPCC’s concept of a finite and limited carbon budget in the Figure 1 on page 6. The text even mentions the possibility that a budget compatible with some reasonable probability of holding the increase in mean global warming to two degrees Celsiuses will run out in 2035.

Yet the Government still seeks to expand domestic exploration for new oil and gas reserves that can never be utilised in any emissions pathway or carbon budget scenario consistent with the two degrees C limit.

The Government has an emissions trading scheme that is completely ineffective in reducing emissions. The faults in the emissions trading scheme are multiple: it has no cap on emissions, it features over-allocation of units to high emitting industry, it provided effectively unlimited access to the rock-bottom priced international carbon markets (until the Governments incompetence in deciding to not join the second period of the Kyoto Protocol resulted in New Zealand being excluded from the international carbon markets).

The rest of the discussion document reads like a litany of special pleading from backwards-looking vested interests like Federated Farmers. I am absolutely sick of hearing that pastoral agricultural is somehow “special” as an export industry that we could n’t possibly include it in the NZ emissions trading scheme.

Is it logical to exempt a sector from an emissions trading scheme because it exports? Don’t you think that in China there is probably a high level meeting of Communist Party officials discussing climate change. And in that meeting the official in charge of coal thermal power is saying “But we can’t tax coal thermal! It’s special! It supports our export manufacturing which is lifting millions of our citizens out of poverty.”

The argument that agriculture has “no easy mitigation” also makes no sense at all in
the context of emissions trading/carbon pricing. If there was some form of easily deployed “mitigation on a plate” for agriculture, then you wouldn’t use carbon pricing, you would just “command and control” regulate to make it compulsory.

That’s the point of emissions trading! You don’t have to know the mitigation thats best for each sector (which is probably unknowable a priori anyway). Emissions trading just provides price incentives for agents to find mitigation. The agents are free to act based on their own perceptions of their marginal abatement costs. Or in English, if some farmers don’t want to reduce emissions they can buy emission units off those who can.

The discussion document obsesses about costs of reducing emissions. Again this is just pandering to high emitting businesses. Carbon pricing (if adopted sensibly) is not a ‘cost’ to an economy, it is a Pigouvian tax on an unpriced externality. Consumers can be protected from price changes by refunding them the proceeds of either a carbon tax or the sales of emissions units in the way described by James Hansen in his carbon-fee-and-dividend plan.

**Recommendation**

I consider that New Zealand’s 2020 to 2030 emissions reduction target should be an 80% reduction on 1990 emissions.

I base this on the IPCC’s WGIII carbon budget for a “likely” (66%) probability of not exceeding the 2°C target and on the Copenhagen Accord which states that signatories should act to uphold the 2°C warming limit “consistent with science and on the basis of equity”. The equity consideration is that high per-capita emitters like New Zealand must decarbonise their energy systems to a greater extent just to allow low per-capita emitters like India to catch up.

Yours faithfully

Simon Johnson