

Consultation on setting New Zealand's post-2020 climate change target



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Objectives for the contribution

Do you agree with these objectives for our contribution?

1b. What is most important to you?

Pure Advantage agrees with the three bullet points above but thinks a fourth bullet point around "opportunity" should be included.

Focusing the debate on the 'cost' of emissions reductions in our view is not balanced. Setting an objective of being "fair", a relative measure against other countries contributions, is applicable within the context of cost but not opportunity. We are less likely as a country to argue that the benefits from upside opportunities need to be "fair". For a country like New Zealand with its "clean and green" image there are material upside opportunities available from taking a leading position on global emissions reductions.

Something like the following could be inserted between existing bullet points two and three: "opportunities for New Zealand are identified and prioritized effectively". At present, discussion of opportunity is buried at the back of the discussion document (p. 15). It needs to be foregrounded.

There is a conservative – slightly reactive – subtext running through the paragraphs supporting the three bullet points on p. 7 of the discussion document. In these supporting paragraphs* it seems the Government identifies emissions reduction as a risk to the agricultural sector and is proposing to do the bare minimum required of it (emissions wise) so as to protect the profitability, longevity and viability of the agricultural sector. (*Examples include: "in light of our unique national circumstances (including high proportions of agricultural emissions..."; "We need to ensure that our contribution is affordable to families and businesses..."; "while not impacting on the competitiveness of New Zealand businesses and displacing production (and emissions) offshore.")

Pure Advantage views the need to reduce agricultural emissions as an opportunity, not a risk. For example, tree sequestration on marginal areas of farms is very simple to achieve and has other benefits such as reducing erosion and improving farm ecosystems.

Two interrelated and major issues emerge from this response: 1) the Government seems to be tethering our overarching emissions reduction commitments to a single-minded commitment to the agricultural sector (that is: New Zealand's emissions reduction commitments are beholden to the profitability of the agricultural sector); 2) the Government seems to be framing emissions reduction as a potential risk to New Zealand's agricultural sector, with its emphasis on cost. Framing "cost" as an "investment" in securing some of the key messages that New Zealand uses to maintain the clean and green image that helps to differentiate NZ agriculture globally, would fundamentally change the debate

This discussion document indicates a limited understanding of the economics around emissions control, and conveys the Government's preoccupation with the agricultural sector. Significantly, the discussion document does not champion the economic opportunities presented by emissions reduction commitments – indeed, they appear as

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an afterthought (p. 15).

The potential for economic activity – and associated wealth creation – to drive emissions reduction needs to be built into the Government's climate change narrative. Pure Advantage believes the message from Government must be clear that environmental sustainability and economic growth are not mutually exclusive. Emissions reduction is an economic opportunity.

We see that there are significant opportunities for innovators and entrepreneurs who meet environmental challenges with speed, creativity and firmness of purpose. A massive, worldwide green economy is gathering speed and New Zealand has an opportunity to be at the forefront of this.

Pure Advantage sees particular economic opportunity attaching to the following areas: AgriTech; Biodiversity; BioProducts; Housing; Renewable Energy; Smart Grid; Waste to Value (please refer to: <http://pureadvantage.org/our-advantages/>).

What would be a fair contribution for New Zealand?

2. What do you think the nature of New Zealand's emissions and economy means for the level of target that we set?

Internationally the need for binding emission targets to drive regulation is critical and New Zealand must act as a strong advocate for binding targets at the UNFCCC conference in Paris this December. Portraying our national circumstances as limiting to anything but higher cost options to reduce our domestic emissions fails to take a position on the evidence of climate change – something 97% of the world's scientists agree on.

We have a unique opportunity to be bold in the global shift to green growth. It seems likely that some countries won't commit to legally binding reduction targets, and this provides a unique opportunity for NZ to take a leadership position – indeed, the ethical higher ground – by committing to targets and working diligently towards achieving them. Based on science we should commit to emissions reduction well beyond our current target of 5% below 1990 levels by 2020 – across all our emissions. Bold action could entail 50% below 1990 levels by 2030 and aim to achieve net zero emissions by 2050. Either way it is very important that New Zealand has a concise plan for how it intends to reduce emissions. The dates are only points in time. Without meaningful progress towards announced targets now, the targets rapidly become meaningless.

There is low hanging fruit that the Government can tackle now and where a differentiated strategic approach could be used. Where agricultural emissions might be more difficult to mitigate and would rely on technological innovation, the transport sector could more readily contribute to emissions reductions. (The transport sector has contributed the most to growth in emissions since 1990 but has shown the weakest leadership around reduction – despite the technology automobile manufacturers around the world have utilized, and which is readily available to New Zealand as a truck and car importer.)

We understand that drivers are different in New Zealand, but as a first world nation with low population by global standards we have enjoyed a high level of consumptive activity for decades. We are also complacent in our reliance upon a heavily polluting agricultural sector that has made us wealthy. The Government's climate change response needs to signal willingness to interrogate this complacency and make the changes necessary to achieving ambitious emissions reductions targets. At present, the cart (high-yielding agricultural sector) appears to be before the horse (commitment to emissions reduction).

We have a high percentage of renewable energy to power our grid yet have increased import of fossil fuels because there is no incentive to drive uptake of renewables and with population growth and migration our demand for transportation is the 4th largest passenger vehicle registration in the OECD.

As above, the opportunities presented by emissions reductions need to be championed by Government – whether

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these opportunities relate to economics, innovation, entrepreneurship, R&D, etc.

How will our contribution affect New Zealanders?

3. What level of cost is appropriate for New Zealand to reduce its greenhouse gas emissions? For example, what would be a reasonable reduction in annual household consumption?

You cannot expect New Zealanders to make a reasoned judgement on the cost of investment without clearly announcing the potential upside opportunity from investing in reducing emissions and from highlighting the cost of doing little or nothing. Doing nothing as a course of action has considerable cost associated with it and this needs to be represented as a base case. New Zealanders are innovative, pragmatic people and will understand the impact to our livelihoods and future in trade, tourism, place in the world and clean green image if we fairly and accurately calculate the cost of extractive and polluting industries.

This consultation is the first time the Government has presented to the public discussions on climate change policy in more than six years. In order to make an informed decision we also need to know the costs for inaction – what the impact on New Zealand will be if we do not achieve emissions reduction targets. I.e. the conversation needs to be around the potential eventual environmental and economic costs of failing to meet emissions targets, not the initial dollar price of paying for reduction activities.

As well as the environmental impact of inadequate emissions reduction policy settings, failure to address our intended nationally determined contribution (INDC) in a bold and confident way will invite global scrutiny of our brand and trade, and may influence trading partners against us – against the carbon footprints of New Zealand products, for example.

As above, there is also an opportunity for New Zealand to focus on our natural advantages and for the Government and business to supplement the cost conversation with discussion of the economic opportunities and environmental benefits that will accrue from green growth.

New Zealand constitutes around 0.065% of the world's population. We are the world's 125th most populous country but this did not stop us seeking and winning a seat on the UN Security Council. New Zealand has a voice that, despite our size, other countries are prepared to listen to. We should never, ever adopt the position either that we are too small to make a difference through our actions or that we will do more if others do. If we had adopted that logic we would not be a member of the UN Security Council now. We need to be a leader in finding a workable solution in Paris and our words need to be backed up by the credibility of our actions.

While our emission contribution is around 0.15% of global, the expectation on clean, green New Zealand to walk the talk and innovate is great. Businesses need consistent policy to adapt and commit to longer term transitional investments. To meet our goals we need a starting point that is bold but optimistic, and clear guidelines towards achieving this.

4. Of the opportunities for New Zealand to reduce its emissions (as outlined on page 15 of the discussion document), which do you think are the most likely to occur, or be most important for New Zealand? Pure Advantage describes the benefits of these opportunities (and others) in depth at <http://pureadvantage.org/our-advantages/>. We think all of them should occur – whether or not they do depends upon the Government's integrity, commitment and resolve.

We think the forest sink initiative – to incentivise the planting of trees in New Zealand – would present the Government with the “low hanging fruit” it needs to be able to commit to binding emissions reduction targets in Paris this year, saving New Zealand from the embarrassment and possible economic penalties of being labelled a climate free-rider. The forest sink initiative would also benefit our economy in many key areas ranging from biodiversity to forestry and agri-tech.

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Championing a global movement at Government level and partnering Pure Advantage with other international NGOs could make a real contribution to avoiding climate disaster

Summary

5. How should New Zealand take into account the future uncertainties of technologies and costs when setting its target?

Climate Change is accelerating and happening all around us. This isn't someone else's problem down the line, it is our problem now. We need to commit to the most ambition emissions reduction targets possible and trust that necessity is the mother of invention – as it has always been. Technology will look a lot different in ten years than it does in five, and there are likely to be step changes in that time.

Other comments

6. Is there any further information you wish the Government to consider? Please explain.
New Zealand is widely perceived as a clean, green country, but the reality is there are gaps between our eco-friendly image, our economic aspirations, and our current modes of doing business.

Some politicians think the main challenge is job creation and economic growth, and to focus on climate might not attain the economic growth we desire. However, the simple reality is that if we don't manage our approach to climate change the environmental resources we take for granted will not sustain the desired economic growth.

The Government's future communications around the emissions reduction challenge should clearly outline the cost of inaction, champion the economic opportunities and environmental benefits of green growth, and plot a course towards achieving established goals.

Once New Zealanders fully understand the fact that environmental sustainability can and does catalyse economic growth, we will be better positioned to pursue opportunities to create wealth and skilled jobs while simultaneously conserving our natural resources and improving our environmental performance.