

## Taxing the very air we breathe

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### **New Zealand's Emissions Trading Scheme (ETS)—will it reduce global warming?**

We breathe carbon dioxide and without it we would die. Growers routinely add it to greenhouses (four times normal) to make the plants grow better. Forests are growing measurably faster as the level of atmospheric CO<sub>2</sub> climbs.

But human emissions of CO<sub>2</sub> are allegedly warming the planet. Inducing a sense of guilt for driving a car or turning the lights on has been successful—and it's even reduced emissions a bit. An alternative for reducing emissions is creating emission licences (or carbon credits) then buying and selling them to each other. Entrepreneurs love it. New Zealand is setting up such a scheme right now.

We'll issue emission licences to each business requiring them. Some emitters will easily reduce their emissions, so they won't need all their allocations and can sell their surplus licences to others who can't reduce emissions, or who simply want to trade them.

Over time, as allocations are reduced, the scheme will bite. Companies unable either to reduce emissions or buy allocations, facing fines for over-emitting and with customers avoiding their high prices, will go out of business.

Power and fuel prices will keep rising and, since they affect all other goods and services, our cost of living will climb.

There is opposition; even Greenpeace are against it, saying the scheme doesn't go far enough.

Viscount Monckton of Brenchley, a leading UK commentator on climate change, says: "The Government of New Zealand has at last made real the dream of every tyrant—to tax the very air we breathe."

Roger Kerr, Executive Director of the NZ Business Roundtable, says: "New Zealand emissions make no discernible difference to global warming," and adds that it's "laughable" to suggest that "if New Zealand goes out on a global limb, the rest of the world will take note and follow."

Europe's ETS has suffered two price collapses since starting in 2005 and failed to reduce emissions.

But our rulers remain adamant, so our economy will shift as activities with high emissions are priced out of existence. That's what the designers hope. Then the earth will be saved.

So it comes as a shock to learn that our ETS has nothing to do with saving the planet.

The Minister of Finance, the Hon Dr Michael Cullen, tells us: "...reducing our emissions will not... make a major contribution to the global problem of climate change." [Read his words for yourself](#) on the government's Climate Change web site (3<sup>rd</sup> paragraph).

What an amazing admission! Sceptical NZ scientists have always known this, but for the government to acknowledge it is a rare breath of reason.

So why is the government bothering, if it won't affect the climate?

Michael Cullen explains that we're a small trading nation and, in our key overseas markets, attitudes to climate change are shifting. Governments and consumers are making sure we have the correct attitudes before they deal with us. We have to polish our act.

Do you see it now? It's an image thing. Tada.

Every Kiwi needs to know this. Spread the word. We're cleaning our climate change clothes!

So build another gas-fired power station and add some more patio heaters. If our reduction efforts don't make any difference to the climate, then neither do our emissions—we're just not big enough. We neither ruined the climate, nor can we save it.

Of course, having a good image is no bad thing, and we're all proud of being seen as "clean and green," but it will cost a lot of money—about \$173,000,000 in 2010. That's about what we spend on biosecurity, or twice what we spend on promoting NZ. Although it'll grow thereafter to at least a billion dollars every year.

Still, since it's not about CO<sub>2</sub> or the climate, at least we won't need to feel guilty. Poorer, certainly—a lot poorer—but not guilty.

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If you want to know just how the government will "reduce the impact on low-income households," what it will mean as "households make major spending decisions about personal transport, housing and home appliances" and precisely what government initiatives will "assist households to be more energy efficient," contact your local MP. This is going to be big and the time to ask questions is now.