

## ***Southern Pride June 2008***

### **The smell of ETS is in the air.**

Is it bluff at Bluff: You may be a little perplexed about the current situation with regard to the future impact that Co2 emissions may have on your future, and who isn't. The government has not done the best PR job in keeping the populace informed on what direction we are heading when it comes to restrictions, frame works and time lines that will be governing our lives on what we can and cannot do and how it will hit our pockets. They have been changing directions and, it seems, somewhat running in circles, but they have got some concepts and thank goodness its election year which means that they cannot afford to turn a deaf ear on what is being said about those concepts.

Recently we heard a great deal of media hype over Rio Tinto supposedly threatening the government by saying they were likely to close the Southland smelter because of the proposed emissions trading legislation. The amusing thing about the hype was that it suggested that this was an isolated approach to the government by a greedy cooperate who was pulling a bluff in order to make more profit; this was far from what happened.

Rio Tinto was one of a large number of companies, business organisations and interested parties both big and small, who are merely presenting submissions to the select committee hearing on the Climate Change (Emissions Trading and Renewable Preference) Bill, a very flawed piece of legislation which the government is attempting to rush through with the goal of passing into law as early as possible this year.

Rio Tinto over and above all the other submissions, which were expressing the same concerns, made better press because of its usage of around 15% of New Zealand's energy, allowing the *give New Zealand back brogans*, and the northern *we what you power here brigade* to make statements to fill a good story. But the fact of the matter is that what Rio Tinto was saying is the reality of the situation for all business, especially our manufactures and exporters who will assess their viability given the carbon taxes and emissions trading legislation impact on production cost, regardless of what form the final legislation will be.

However to introduce the legislation in its current form will have 2 basic negative consequences to all. That is the cost to the domestic consumer of the produce you buy and the loss of export to New Zealand through the increase in price of all our goods that will make NZ uncompetitive in the market. This is the message that must get through – lose our exports- lose our companies- lose our jobs – lose our people. This is the risk of wanting to be a 'world leader' in being the first country to implement carbon taxes and emission trading.

Don't get it wrong, business is not saying that they are squeaky clean; they are not saying they do not have a responsibility. They do support action to reduce global emissions of greenhouse gases, but we believe the government should not be imposing restrictive measures upon New Zealand businesses ahead of other countries. What is being said is don't introduce emissions trading or any other price based mechanism to reduce greenhouse gas emissions until our major trading partners face similar costs.

To do so is at our peril.

Richard Hay