

New Zealand abandons Jacinda Ardern's net zero push

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4–5 minutes

New Zealand has abandoned its pursuit of net zero by revoking a ban on drilling for oil and gas.

The country's government confirmed the shift in its latest budget this week, which unveiled plans to invest NZ\$200m (£90m) in new offshore gas fields.

The reversal marks an end to a policy announced by Jacinda Ardern, the former prime minister, in 2018. She [claimed at the time that “the world has moved on from fossil fuels”](#).

Her attempted ban has since been replicated in Britain by Ed Miliband, the Climate Secretary, who [halted all new North Sea drilling](#) after Labour triumphed in last year's election.

However, Nicola Willis, New Zealand's finance minister, has consigned Ms Ardern's policy to history by announcing plans to expand offshore gas fields.





Nicola Willis, New Zealand's finance minister, has announced plans to expand offshore gas fields - Lucy Craymer/Reuters

In particular, she is seeking to attract international oil and gas companies with a taxpayer-backed subsidy of NZ\$200m (£88m).

It comes after New Zealand's planned shift to renewables backfired, [generating higher prices and raising the risk of blackouts](#).

Shane Jones, the country's resources minister, said Ms Ardern's ban had been a disaster.

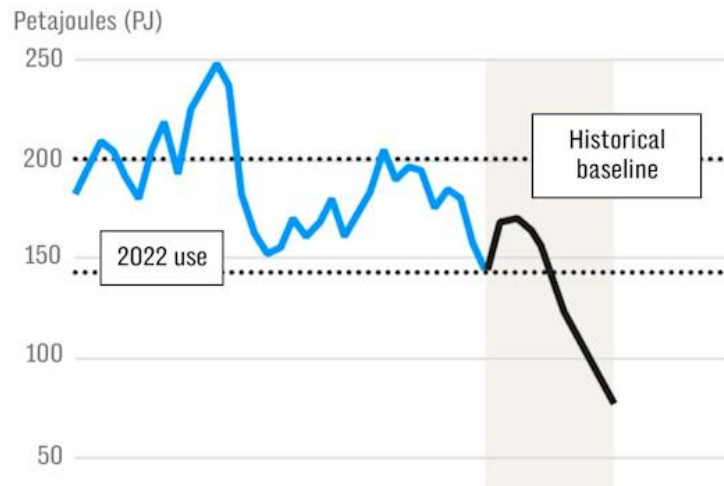
He said: "We are feeling the pain of constrained supply. The Government is not prepared to sit on the sidelines and watch our industrial and manufacturing dwindle because of [energy security concerns](#)."

"We are focused on growing the New Zealand economy, creating jobs and increasing prosperity and resilience. Natural gas will continue to be critical in delivering secure and affordable energy for New Zealanders for at least the next 20

years.”

New Zealand is running out of gas

Annual production



The decision to reverse the ban followed three years of rising energy prices that left 110,000 households unable to warm their homes, according to Consumer NZ, a non-profit advocate.

Transpower, the equivalent of the UK's National Grid, also previously warned that the nation was at high risk of blackouts because renewables were not producing enough power during cold spells.

New Zealand's natural gas

Ms Ardern's move came despite geologists discovering billions of cubic metres of natural gas in the seabeds around New Zealand.

Sean Rush, a UK barrister who now runs the Sean Rush Energy and Infrastructure Law consultancy in Wellington, New Zealand, said: "Finally, the New Zealand government grew a spine and recognised that climate change is not an existential

threat – but an economy without fossil fuels is.

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“The UK Government should take notice of what happens when exploration is stifled. Investment flees, gas-dependent businesses close and electricity prices soar. It is an economy-killing climate policy that is the existential threat to modern economies.”

Natural gas has been produced commercially in New

Zealand's Taranaki region since 1959 and there are now six main areas, three offshore and three onshore. About 30pc is used for electricity generation, which is why declining output led to rising power prices.

Much of the rest is used to make the petrochemicals and fertilisers used widely in domestic farming, meaning gas shortages also impact agriculture.

The legislation to rescind Ardern's ban on drilling is expected to pass into law next month, opening the way to new drilling applications.

Policymakers hope it will ease gas shortages across the country, as production last year fell to its lowest level since 1983, according to consultancy Argus.

John Carnegie, of Energy Resources Aotearoa, an industry trade body, said: "This has wide implications for New Zealand's industrial sector and regional economy.

"Gas underpins everything from electricity generation to food processing, and declining reserves have already placed pressure on everyone from major exporters to small domestic manufacturers. We hope this move will help stem the decline."

Such warnings are echoed by energy experts in the UK, where more than 75pc of total energy consumed still comes from oil and gas.

Less than half of those supplies now come from UK waters, where output is in rapid decline following Mr Miliband's ban on

new drilling.

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