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Low Emissions Economy Issues Paper
New Zealand Productivity Commission
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FEEDBACK TO THE LOW-EMISSIONS ECONOMY ISSUES PAPER

ADLS welcomes the opportunity to provide feedback on the Productivity Commission's *Low-Emissions Economy Issues Paper* ('Paper').

Background

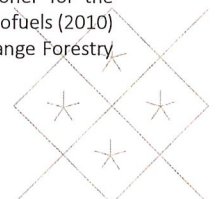
The Government has asked the Productivity Commission to undertake an inquiry into how New Zealand can maximise the opportunities, and minimise the costs and risks, of transitioning to a lower net-emissions economy. The purpose of the Inquiry is to "identify options for how New Zealand could reduce its domestic greenhouse gas emissions through a transition towards a lower emissions future, while at the same time continuing to grow incomes and wellbeing".

The Commission notes that under the Paris Agreement, New Zealand has committed to reduce its emissions by 30% below 2005 levels by 2030, and under the Climate Change Response Act 2002, has committed to reduce its emissions by 50% below 1990 levels by 2050. The Inquiry builds on a substantial amount of work already produced in New Zealand about how to transition to a low-emissions economy.¹

The Commission also notes that while climate change is now unavoidable, allowing global temperature rise to exceed 2°C risks much more serious and irreversible impacts including:

- a significant increase in heatwaves and extreme rainfalls;

¹ Refer The Royal Society's report, *Transition to a low-carbon economy for New Zealand*. Released in 2016, this report took an in-depth look at sectoral mitigation options for New Zealand and discussed potential emission reduction pathways (RSNZ, 2016). *Net zero in New Zealand: Scenarios to achieve domestic emissions neutrality in the second half of the century*, a report by Vivid Economics (2017) that was commissioned by GLOBE-NZ, a cross-party group of parliamentarians. It used scenario analysis to model possible future states of the New Zealand economy that would achieve lower emissions. The Business NZ Energy Council's (2015) *New Zealand energy scenarios: Navigating energy futures to 2050* generated scenarios for possible energy outcomes under different economic and regulatory conditions. Motu's multi-disciplinary programme *Shaping New Zealand's low emissions future* which ran from 2013-2016 and was predominantly aimed at making the New Zealand Emissions Trading Scheme (NZ ETS) more effective. The review of the NZ ETS, currently being carried out by the Ministry for the Environment (MfE, 2017g). The *Climate Changes, Impacts & Implications for New Zealand* research project funded by the Ministry of Business, Innovation and Employment from 2012-2016. Various reports by the Parliamentary Commissioner for the Environment, including on New Zealand's policy framework for climate change (2017), agricultural GHG emissions (2016), biofuels (2010) and solar water heating (2012). The work of various Government-coordinated reference groups, such as the Climate Change Forestry Reference Group and the Biological Emissions Reference Group.



- water scarcity;
- threats to food security;
- dangerous flooding caused by sea-level rise; and
- major extinction of species of flora and fauna.

The magnitude of changes expected from only a few degrees of global temperature rise are substantial.

One helpful way of thinking about tackling climate change, suggests the Commission, is the need to keep global cumulative CO₂ emissions within a fixed “carbon budget”. The IPCC (2014) estimates that the global carbon budget, as of 2011 and for a 2°C threshold, is about 1000 Gt of CO₂. In other words, temperature rise will likely exceed 2°C if cumulative global CO₂ emissions from 2011 onwards exceed 1000 Gt of CO₂. If reductions in global carbon intensity continue at business as usual levels, this budget will be used up by around 2036.

The Commission says that: “An effective transition to a low-emissions economy *will mean that New Zealand will look very different in 2050, and even more transformed by 2100. During the transition, action to mitigate GHG emissions will require real and significant changes which will have disruptive and potentially painful impacts on some businesses and households. These changes mean that the shift from the old economy to a new, low-emissions, economy will be profound and widespread, transforming land use, the energy system, production methods and technology, regulatory frameworks and institutions, and business and political culture.*”

Feedback regarding the two broad questions

The Commission’s task is framed around two broad questions:

1. What opportunities exist for the New Zealand economy to maximise the benefits and minimise the cost that a transition to a lower net-emissions economy offers, while continuing to grow incomes and wellbeing?
2. How could New Zealand’s regulatory, technological, financial and institutional systems, processes and practices help realise the benefits and minimise the costs and risks of a transition to a lower net emissions economy?

Turning to these two questions, the following feedback of the ADLS Environment and Resource Management Committee is offered.



Resource Management Act 1991

It is with some concern that the role of the Resource Management Act 1991 ('RMA') is not mentioned in any substantive way in the Paper, despite climate change coming within the purview of the Act and it being the primary statute concerning resource management and land use.²

While the ADLS recognises that amendments in 2004 redirected the role of the RMA in climate change away from a direct role in 'climate mitigation'³, these amendments nonetheless introduced other measures into the Act. A definition of climate change was introduced. Section 7 was amended to ensure that all decision-makers have particular regard to "the efficiency of the end use of energy", "the effects of climate change" and "the benefits to be derived from the use and development of renewable energy". The amendments also inserted a number of provisions that gave specific directions to local authorities regarding the control of greenhouse gases (ss 70A, 70B, 104E and 104F). Two decisions of the Supreme Court have clarified the approach to be taken under these sections.⁴

As a consequence, we accept that the role of the RMA in climate change mitigation has become one of not directly regulating greenhouse gas polluters, but mainly promoting renewable energy generation. Nonetheless, our feedback is that the RMA deserves a greater focus from the Commission in how it might be used or 'better used' to shift New Zealand to a low-emissions economy, especially in terms of its role in land use decisions.⁵ The RMA is also the key local and regional mechanism for ensuring Māori interests are also explicitly recognised in land use decisions.

Cities and local government

The Paper also recognises that cities and local government are increasingly taking the lead in implementing climate change initiatives. It mentions the July 2017 declaration, signed by 39 of New Zealand's mayors, committing to developing and implementing ambitious action plans to reduce GHG emissions at a local level.

These proposed action plans on climate change will need to be implemented mainly through the broader strategic planning role of councils. That is, councils will use their general powers to address climate change mitigation and adaptation through meeting the current and future needs of communities for good quality local infrastructure, local public services, and performance of regulatory functions. However, the RMA remains a significant tool in terms of land use that

² With the exception of the Act being mentioned as the means of creation of the National Policy Statement for Renewable Electricity Generation 2011 to support and provide guidance on the consenting of renewable electricity projects (page 30) and also being mentioned as a barrier to the introduction of Waste-to-Energy plants (page 33).

³ Prior to the amendments to the RMA in 2004, the imperative of mitigating climate change was taken into account by resource management decision-makers. The Environment Court factored the climate change forcing (or mitigation) effect of projects into decisions and rejected any arguments that contributions to climate change from New Zealand projects should be disregarded as *de minimus*, referring to climate change as a "silent but insidious threat". See *Genesis Power Ltd v Franklin District Council* [2003] NZRMA 541 at [225]-[226].

⁴ *Greenpeace New Zealand Inc v Genesis Power Ltd* [2009] 1 NZLR 730 and *West Coast ENT Inc v Buller Coal Ltd* [2013] NZSC 133. See also Annie Cao, *Climate Change Considerations in Energy Decision-Making: A Comparative Analysis*, New Zealand Journal of Environmental Law.

⁵ To support this, as the Issues Paper notes, there is a National Policy Statement for Renewable Electricity Generation 2011.

significantly affects GHG emissions and overall energy use and efficiency in cities, most obviously in terms of transport.

The Auckland region, for example, is responsible for around 20% of New Zealand's emissions, with transport and electricity use accounting for around two-thirds of Auckland's emissions. Globally, cities occupy only two percent of the world's landmass, but consume over two-thirds of the world's energy and account for more than 70 per cent of global CO₂ emissions.

Although the Paper considers the climate change effects of transport, energy, buildings and waste separately, it is the cross-cutting effects of these issues, mainly managed (or exacerbated) through land use decisions under the RMA, that are equally important. These decisions become most relevant in cities where a low emissions economy can only be achieved through interconnected and integrated land use decisions that have climate change mitigation as their focus and priority.

Delivering a sustainable transition to a low emissions economy within the extraordinarily tight timeframes (20-30 years to 2050) requires a coordinated and joined-up approach to climate change and its implications, through identifying opportunities to both reduce emissions and embed resilience. In the New Zealand context, where resource management decisions are primarily made regionally or locally, the RMA and local government are critical to achieving that. With respect to the Commission, its future work on a *Low-Emissions Economy* must recognise and address that.

Independently set emissions targets

The Commission notes the recently released report on climate change by the Parliamentary Commissioner for the Environment (2017) which recommends establishing a model very similar to the United Kingdom (UK)'s Climate Change Act in New Zealand.

The Parliamentary Commissioner highlights the importance of having an independent expert commission on climate change, setting emissions targets or carbon budgets in law that reduce over time to meet our Paris commitments; with the additional requirement for the Government of the day to then develop policies that enable the budgets to be met within a context of rigorous monitoring. The UK's approach provides an example of safeguarding the independence needed to insulate the policy system from short term political pressures.

The Committee supports such an approach.

Finally, the ADLS would welcome the opportunity to discuss these matters further.

Yours sincerely,



Helen Andrews

Convenor

ADLS Environment and Resource Management Committee

