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**Committee** Environment  
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## Climate Change Response Act 2002

### 1. Purpose

To inform the Committee of the Climate Change Response Act 2002 and discuss its implications for Greater Wellington Regional Council.

### 2. Background

Over the last decade, councillors have received numerous reports relating to climate change and the potential role of local government in reducing greenhouse gas emissions and adapting to the effects of climate change.

Most recently, in December 2001, the Council endorsed a submission on the Government's discussion document "*Kyoto Protocol – Ensuring Our Future*" (Report 01.786 to the Policy and Finance Committee). The submission expressed agreement that New Zealand should participate in initiatives that reduce greenhouse gas emissions. However, concerns were also raised both about the speed of New Zealand's ratification of the Protocol in advance of other nations and the absence of adequate information about the consequences of ratification, nationally and locally.

The Climate Change Response Act 2002 (the Act) received royal assent on 18 November 2002, providing the legal and constitutional framework necessary for ratification of the Kyoto Protocol. The Government ratified the Protocol on 10 December 2002.

Under the Protocol, New Zealand has committed itself to:

- reducing its greenhouse gas emissions to 1990 levels; or
- taking responsibility for any over-run, either by buying carbon credits on a world market, or by planting carbon sinks.

The first commitment period to carry out this undertaking runs from 2008-2012. Rules and commitments beyond 2012, including actions by developing countries, are yet to be negotiated.

Although New Zealand has ratified the Protocol, greenhouse gas emissions targets do not become binding until the Protocol comes into force internationally, which requires:

- a) ratification by at least 55 countries, and
- b) ratification by a sufficient number of developed countries to account for 55% of the 1990 global CO<sub>2</sub> emissions.

The first requirement has been met (more than 90 countries have ratified) and the second is likely to be achieved later this year when the Russian Federation is expected to ratify.

In order to comply with the Protocol requirements, New Zealand must provide an accurate estimate of its current emissions and removal (sequestration) of greenhouse gases. The Act provides the legislative means for establishing accounting and management systems to set up an inventory and to trade emission units.

In conjunction with the Act, the Government has provided a set of preferred key climate change policies, which include the following.

## **2.1 For the pre-commitment period (2002-2007)**

- Negotiated Greenhouse Agreements (NGAs) for firms or industries where the climate change policies could affect international competitiveness (to continue on into the first commitment period).
- Amendment of the Resource Management Act 1991 (RMA) to remove regional councils' ability to directly control greenhouse gas discharges through consents and plans, and to deal with emissions through national policies. Amendments are also being considered relating to prioritising renewable energy and adaptation to the effects of climate change.
- "Projects" - government incentives for activities that will deliver defined emission reductions. To qualify, projects must be additional to business-as-usual, and the incentive fund will be contestable. The aim is to accelerate the uptake of emission reduction initiatives that would otherwise be uneconomic (to continue on during the first commitment period).
- Exemption for the agricultural sector from any price measure, but agricultural research to be funded by the industry to reduce methane and nitrous oxide emissions from agriculture (to continue on into the first commitment period).
- Formal policy reviews in 2005 and 2007.

## 2.2 First commitment period (2008 – 2012)

- A carbon charge for emitters from 2007/08, capped at NZ\$25 per tonne of CO<sub>2</sub> equivalent.
- Emissions trading retained as an option during the first commitment period, if international conditions permit.
- Revenue collected from the emissions charge to be put back into the economy e.g. through the general taxation system and through funding climate change programmes.
- Government retention of carbon sink credits and the associated liabilities in the first commitment period.

## 2.3 Other Foundation Policies

As well as taking the necessary steps to ratify the Kyoto Protocol, there are a number of other Government policies and strategies aimed at responding to climate change. Some of these have been previously reported to the Committee and include:

- Adaptation to the effects of Climate Change;
- Partnership with Local Government;
- National Energy Efficiency and Conservation Strategy;
- New Zealand Waste Management Strategy;
- The New Zealand Transport Strategy;
- Growth and Innovation Framework; and
- Business Opportunities Programme.

## 3. Implications for Greater Wellington Regional Council

The Act does not have any immediate implications for the GWRC. However, the changes it will bring to the price of energy and the value of carbon “sinks” will have direct and indirect consequences for both GWRC and the Region in the medium to longer term.

There are also likely to be consequences arising from other parts of the Government’s Climate Change package, such as the amendments to the RMA and the intention to work with local government on strategies for adapting to the effects of climate change. Implementation of the “foundation policies” is likely to have widespread implications through GWRC’s responsibilities. It is interesting to note how the foundation policies for energy, waste and transport management are compatible with GWRC’s *Quality for Life* branding and reinforce the need to take action in order to reach the “Take Ten” targets for sustainability.

### 3.1 Carbon charge and carbon sinks

When implemented, the *carbon charge* would currently be expected to add between 2% and 6% to the price of petrol, 5%-12% for diesel and about 5% to residential electricity costs (12%-15% extra for industrial electricity costs). As a significant energy user, it will be sensible for GWRC to consider the implications of projected energy cost increases, and investigate opportunities to become more energy efficient. Similarly, GWRC should assess the cost implications of its strategies that affect energy use in the Region (such as the Regional Land Transport Strategy). For example, GWRC could provide incentives for modes of transport that are not dependent on carbon-based fuels.

Officers are beginning to assess the “carbon footprint” created by GWRC’s energy use. Initial calculations show that while we don’t have big feet, we could step more lightly and reduce our impact. GWRC and the Region both have potential for the creation of *carbon sinks* (forests) and for the generation of renewable energy. Little work has been done on either of these aspects of the Act, the Climate Change package, and the foundation policies as yet. However, councillors will be aware of the current interest in a number of wind farm proposals around the Region, and of the associated carbon credits that renewable energy development will earn.

### 3.2 Amendments to the RMA

Local authorities have lobbied the Government to amend the RMA to provide clarity about the role of that Act in addressing greenhouse gas emissions. In response, the Government has stated its intention to amend the RMA, and it has agreed to remove the ability of regional councils to consider effects on climate change:

- when making a rule in a plan in relation to a discharge to air from any industrial or trade premises; and
- when making a decision on a resource consent application for discharge to air activities.

Councils will retain the ability to have regard to the effects of activities on climate change when carrying out other functions and duties under the RMA e.g. adaptation to the effects of climate change.

The Government considers that the RMA controls and mechanisms are not cost effective when compared to other policy options such as carbon charge, targeted research, and local-central government partnership programmes (see below). The changes are expected to result in cost savings for councils and resource consent applicants, and avoid a possible “double jeopardy” for emitters (whereby they may have to pay the carbon charge and consent application costs).

The timetable for the amendments to the RMA has not been set, but it is likely that the Government will seek to pass the necessary amendments within the next 12 – 18 months. In the meantime, the Government will provide national

guidelines to assist local authorities in their consideration of resource consents that involve emissions of greenhouse gases.

### **3.3 Co-operation between local and central government**

In the GWRC submission on the Government's discussion document "*Kyoto Protocol – Ensuring Our Future*", and in other related submissions to the Select Committee, the need for ***a co-operative approach between central and local government*** was highlighted. The Government has acknowledged the key role of local government in helping to mitigate the causes of climate change, as well as working with their communities to adapt to the likely impacts of climate change.

The government's preferred policy includes a formal partnership between central and local government, which will involve the development of a New Zealand version of the Cities for Climate Protection (CCP) model. The CCP programme would assist local authorities to produce local inventories, targets, action plans and monitoring programmes in conjunction with LGNZ and the Energy Efficiency and Conservation Authority (EECA).

Such a partnership programme would also integrate the relevant national level foundation policies, such as the New Zealand Waste Management Strategy, the National Energy Efficiency and Conservation Strategy (NEECS), and the recently released draft New Zealand Transport Strategy.

GWRC could choose to participate in the NZCCP programme, as it potentially provides a structured approach to:

- preparing inventories (regional and organisational) of greenhouse gas emissions,
- setting reduction targets,
- preparing plans for meeting those targets, and
- monitoring their success.

### **3.4 Adapting to the effects of climate change**

The Government is also offering assistance and guidance to local authorities in adapting to the future impacts of climate change, under the ***Local Government Climate Change Adaptation Project***, managed by the Climate Change Office.

The project involves the development of a series of guidance notes, best practice materials and case studies, which will assist local authorities to plan for and adapt to climate change. Officers have attended initial workshops hosted by the New Zealand Climate Change Office, and are contributing to the preparation of the guidance notes.

The guidance notes, to be developed by June 2003, will initially focus on the issue of coastal hazards, together with the broader generic biophysical and main flow-on effects of climate change. In providing guidance on how to

adapt to climate change effects, the notes will concentrate on key local government functions and specific responsibilities, and provide guidance (to planners, engineers etc) on how to approach risk assessment based on up to date scientific knowledge.

The practice studies will include a comprehensive survey of current local government practice, which will be used to identify systemic gaps in current approaches and to identify specific regional issues, increase networking opportunities and provide a basis from which to define best practice. The practice studies will follow the development, and test the early implementation, of the guidance notes, and will then be used to inform the future development of the guidance notes.

#### **4. Conclusion**

The Government's climate change policy package is a substantial one, with wide-ranging implications, many of which will take time to come into effect. The Climate Change Response Act 2002 is a step in the process. Officers will keep the committee informed as further information becomes available.

#### **5. Communications**

No further public communication is needed for this report.

#### **6. Recommendations**

*It is recommended that the Committee:*

- 1. receive the report; and*
- 2. note the contents.*

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