

PEPANZ position on RMA reform and climate change

Introduction

1. This paper covers PEPANZ's concern about the Government's consideration to amend the Resource Management Act (RMA) "*so that decision-makers are able to fully consider both the effects of climate change on development (adaptation), and the effects of development on climate change (mitigation).*"¹ This is being considered as part of the Government's comprehensive view of the RMA.
2. PEPANZ considers that reducing greenhouse gas emissions (including carbon dioxide) is a critical global issue that requires worldwide engagement and action.
3. We support economically efficient reductions in greenhouse gas emissions, and therefore support the centrally administered market-based instrument of the Emissions Trading Scheme (ETS) as the primary tool.

Widening the scope of RMA to climate change mitigation

4. PEPANZ supports local councils undertaking reasonable steps in adaptation to climate change under the RMA as it stands today. However, we are concerned about the broader scope contemplated in the Cabinet paper.
5. We are concerned that expanding the scope of the RMA in this way would be a significant and unnecessary change in policy with major risks and downsides. It would likely 'muddy the waters' of the ETS and lead to inefficient interventions based on central planning rather than market-based instruments.
6. Carbon leakage (whereby emissions policies in one jurisdiction simply push production to another less-restrictive jurisdiction) is a key concern of PEPANZ, and this is relevant domestically if one local authority prevents an emitting operation within its jurisdiction if that simply moves to another council's jurisdiction.
7. Nationally-set demand-side policies like the ETS are considered more effective and efficient policy tools because they directly apply to emissions and are market-based instruments that let actors dynamically respond to price signals. If well signalled, they provide certainty and flexibility for the market to determine the most efficient ways to operate. It also encourages forestry planting and new technologies to reduce net emissions, even from emissions-intensive sectors.
8. We note there has already been major damage to investor confidence in the petroleum sector caused by the snap decision to ban the issuing of new petroleum exploration permits. Amendments to give local authorities mitigation controls would create even more sovereign risk and uncertainty for investors.
9. This is important because New Zealand has as little as seven years left of natural gas supply and demand is likely to overtake supply within the next three years if a new discovery isn't made soon. This would have serious impacts on our energy security and the costs to businesses and households.
10. As an industry we support global efforts to lower net emissions, but it's important that we do this in the most efficient ways at least cost to New Zealanders.

¹ "Proposed Resource Management Amendment Bill: Stage 1 of a resource management system review" Hon David Parker November 2018. <http://www.mfe.govt.nz/sites/default/files/media/RMA/Cabinet%20Paper%20-%20Proposed%20Resource%20Management%20Amendment%20Bill.pdf>