

The Chair

**CABINET POLICY COMMITTEE**

**CLIMATE CHANGE III: THE ROLE OF LOCAL GOVERNMENT**

**Purpose**

1. This paper outlines the significant role of local government in managing greenhouse gas emissions, discusses the reasons for and timing of an amendment to the Resource Management Act 1991 (RMA), and recommends that Government fund a central/local government partnership project on climate change. The role of local government in facilitating adaptation to climate change is covered in a separate paper in this suite of climate change Cabinet papers.

**Executive Summary**

2. The local government sector will affect New Zealand's response to climate change through its size, community governance role, regulatory powers, ownership of local infrastructure and the broad range of activities it undertakes in diverse local environments.

3. Some local authorities are pursuing activities that will generate climate change co-benefits, for which they are seeking government support and direction. However, much of local government is currently not engaged in the climate change response. Relatively few submissions were received from the sector during the last period of consultation, and most of these said that the Government should delay ratification of the Kyoto Protocol until the policy framework was decided. It will be important for the Government to initiate communication and education, and provide programmes to encourage local authorities to engage in climate change and take a positive role in New Zealand's response.

- 4. There have been many requests for a clarification of the role of the RMA in mitigating greenhouse gas emissions at a local level. Currently, councils impose requirements on resource consent applicants (outside of monitoring requirements) in a very ad hoc manner. There is a potential for regionally inconsistent treatment of emitters through the possible use of the RMA in managing emissions. There is also a possibility of addressing emissions twice – once national climate change instruments are implemented and through the RMA. Officials consider that the Government, as part of the climate change policy package, should clarify the policy and legal situation by signalling that it intends to amend the RMA. The paper proposes that the RMA will be amended once the Kyoto Protocol is in force, and New Zealand has ratified it

5. Consultation should also include a question about whether or not Government should develop interim national guidelines to assist local government to control greenhouse gas emissions. These guidelines would be available to councils until the amendments to the RMA are complete.

6. There are several councils developing individual climate change strategies and inventories which are requesting a more formal partnership with the Government on climate change matters. Officials are in discussion with Local Government New Zealand (LGNZ) and the Energy Efficiency and Conservation Authority (EECA) regarding the development of a climate change partnership programme for local authorities. The International Council for Environmental Initiatives (ICLEI) Cities for Climate Protection (CCP) programme offers such a partnership model.

7. Over an initial three-year period, such a partnership and programme would assist local authorities to produce local inventories, targets, action plans and monitoring programmes, and achieve further reductions of local greenhouse gases. The proposed initiative would build on existing energy efficiency partnership programmes operated by EECA, within a broader climate change strategic framework that has been tested in local governments internationally. It would also provide a vehicle to encourage and facilitate local government to implement the relevant parts of the National Energy Efficiency and Conservation Strategy (NEECS), the New Zealand Waste Strategy and transport policy.

## **Background**

### *Local Government and Environment Select Committee Inquiry*

8. In November 2001, the Local Government and Environment Select Committee published its final report on its inquiry into the role of local government in meeting New Zealand's climate change target. The Committee highlighted the important role that local government must play if New Zealand is to address its greenhouse gas emissions. It made thirty-three recommendations to Government including calling for support for local government with information, guidance, and funding where appropriate, national policy co-ordination and amendments to transport legislation (amongst other things). The Government's response to the Committee's report agreed with its findings about the potential role of local government, and supported most of the recommendations.

### *Climate change consultation*

9. Some local authority members were involved in the last round of consultation on climate change and a workshop was held specifically for local government. Twenty three submissions were received from the local government sector. These included submissions from Local Government New Zealand, the mayors of most of the Northland Councils, the chief executives of the combined councils of Auckland, and ten of the sixteen regional councils.

10. All local authority submitters agreed that New Zealand should take part in initiatives to reduce greenhouse gases. However, most said that the Government should delay ratification of the Kyoto Protocol until the domestic policy instruments and their impacts are better known and understood, and/or until New Zealand's trading partners also ratify. Councils are worried about the impact of domestic policy on the competitiveness of particular sectors.

11. Many submissions also suggested that local government could play an important leadership role in responding to climate change. They requested Government support and clarification of this, including:

- Information about the regional effects of climate change and the relative return on local authority investment that will accrue from non-market/co-benefit greenhouse gas emission reduction initiatives
- Assistance with developing inventories, targets, templates and programmes that will guide and give focus to local initiatives
- Clarification of the use of the RMA in managing climate change.

## **The potential role of local government in climate change**

12. Local government is a sizeable sector within the national economy. Its expenditure comprises 3.5% of gross domestic product and it manages community assets of considerable value. Accordingly, local authorities can make an important contribution to reducing greenhouse gases, by adopting purchasing and employment policies that result in more efficient use of energy in their buildings, vehicles and infrastructure. The NEECS sets a voluntary energy reduction target of 15% over five years for local government, and national climate change policies will increasingly provide incentives to achieve this target.

13. Local authorities undertake a wide range of activities that have climate change 'co-benefits' and/or that may also affect the ability of their communities to respond to climate change. In particular, local authorities:

- Undertake urban planning and settlement design
- Regulate activities with environmental effects
- Manage local roads and fund passenger transport services
- Collect and dispose of waste, and promote waste management
- Administer building regulations
- Facilitate economic development
- Manage natural hazards
- Add to biomass by promoting biodiversity conservation, manage reserves and open spaces, and promote soil conservation.

14. Climate change and other issues around sustainability such as energy efficiency, sustainable urban form and waste minimisation have not always played a major part in influencing local authority decision-making. As a long-term strategy, it will be important to encourage and support local authorities to understand and apply these concepts as they are progressively introduced and advocated by the Government through various national strategies and programmes. There is a role for the Government's forthcoming Sustainable Development Strategy in providing a framework to link these concepts.

15. There is potential for some local authority activities to reasonably quickly achieve reductions in greenhouse gases emitted by communities. For example, many local authorities own landfills and fund waste collection services and can encourage their communities to minimise waste and to divert organic waste from landfill to reduce methane. The New Zealand Waste Strategy proposes a major role for local government to establish waste minimisation targets, report on progress towards waste minimisation and management, adopt efficient pricing and set standards for landfills.

16. Local authorities can educate their communities about climate change through their strategic planning processes, community education programmes, economic development

agencies and demonstration projects (such as those already undertaken under the umbrella of the Energy-Wise Councils Partnership run by EECA). This could help households and small businesses prepare for the incremental introduction of market based climate change policies. This leadership role is backed up by the Local Government Bill, which proposes a new, broader purpose for both regional and territorial local authorities, with an emphasis on community governance and sustainability.

17. Some local authorities are pursuing local sustainability outcomes through urban planning, funding of passenger transport, waste minimisation and Energy Wise Councils Partnership (EWCP) projects. However, in general, local government currently has a low level of involvement in climate change. There is a significant lack of understanding amongst councils as to the nature and extent of the problem, the policy responses currently being assessed, and, more importantly, their role in those responses.

18. It is recommended that Government increases efforts to inform local authorities about climate change and facilitates their active role in New Zealand's response. There are various opportunities for doing this, including the consultation on the preferred climate change policy package, the climate change public awareness programme (discussed in a separate paper), and a formal partnership programme with local government.

### **Resource Management Act**

19. The purpose of the Resource Management Act 1991 (RMA) is to promote sustainable management of natural and physical resources. The RMA is effects-based, that is, concerned with avoiding, remedying or mitigating the adverse environmental effects of activities rather than with activities per se. Its definition of 'contaminant' is broad and includes greenhouse gases. Under the RMA, regional councils can develop plans that permit discharges of contaminants or that specify the contaminants that require resource consents. Resource consents can impose conditions relating to the need to avoid, remedy or mitigate adverse effects and require information for the purposes of monitoring discharges. District plans, developed by district and city councils, control the adverse environmental effects of the location of transport infrastructure and land development. They also guide design of urban form and settlement development. Through these decisions, they influence New Zealand's CO<sub>2</sub> emissions. Currently, councils are looking for guidance about the extent to which they should deal with CO<sub>2</sub> in their plans and consents. There are a number of contested resource consents for new power stations currently under consideration.

20. There have been many requests to clarify the role of the RMA in addressing greenhouse gas emissions, including from the Local Government and Environment Select Committee and individual councils within previous rounds of climate change consultation. Councils have not applied particularly onerous consent conditions in the past; usually requiring monitoring of emissions and the provision of evidence that the applicant has attempted to reduce greenhouse gas emissions. Local collection of emissions data could provide some synergies and efficiencies in the collection and monitoring of national emissions, however, currently the national inventory of greenhouse gas emissions does not rely on such information. There has been no real attempt to require applicants to "avoid, remedy or mitigate" the adverse environmental effects of greenhouse gas emissions with the one exception of the Stratford Power Station which was "called in" by the then Minister for the Environment.

21. One possible approach to minimising regionally inconsistent treatment of greenhouse gas emissions is to develop a national policy statement (NPS). However, there would be

considerable transaction costs from an NPS. The process prescribed by the RMA includes significant initial ministerial input (to prepare a draft NPS), the establishment of a Board of Inquiry, running a public consultation round and further ministerial scrutiny. Once the NPS is established, councils would have to ensure that their policy statements and plans are not inconsistent with it. There are large financial implications for central government from developing an NPS, including the initial costs associated with its development and on-going costs (for example funding may be needed to encourage local government to undertake initiatives). Mixed messages were received from local government when explicitly questioned on the issue. Additionally, developing and implementing an NPS can take a long time, and hence outcomes are uncertain. For these reasons, officials believe an NPS is not the most effective and efficient approach to clarifying the role of the RMA in managing greenhouse gas emissions.

22. Recently there have been calls for the Government to use national provisions under the RMA to deal with the predicted greenhouse gas emissions of planned thermal electricity generation. The LGESC said, similar to this, in its recommendation (28) to consider a mechanism to “*avoid or mitigate the greenhouse gas emissions from proposed new major electricity plants, at least until climate change policy instruments have brought about significant pricing signals.*” However, Government considered that the national climate change policy instruments, combined with the mechanisms and targets of the NEECS, are likely to provide signals and incentives that are more cost effective and dynamic than use of the RMA provisions.

23. The scope of this discussion is limited to the role of the RMA in controlling greenhouse gas emissions. The Government has previously stated within the December 2001 climate change consultation document that it:

*“does not see that RMA controls and mechanisms as cost effective for managing greenhouse gas emissions” and “the national instruments under the RMA are also not seen as cost effective for controlling greenhouse gases because of the time involved in implementing them”.*

24. It is expected that the national instruments being developed as part of climate change policy will address greenhouse gas emissions in a more consistent and efficient manner than RMA controls on emissions to air.

25. A distinction needs to be made between the effects of greenhouse gas emissions on the global environment and the effects of those same gases on the local environment. The former effects can lead to climate change and global warming; the latter effects can lead to local pollution as well as health and amenity impacts. While national climate change policy is expected to satisfactorily address most CO<sub>2</sub> emissions, it is unlikely that it will be effective in changing urban form and thereby the volume of emissions from transport in urban areas. It is clear that the RMA should be used to contribute to an urban form that improves energy efficiency and air quality and, hence reduces greenhouse gas emissions. This would require local and regional councils to take greenhouse gas implications of land use decisions, such as the location of infrastructure and development, into account in developing plans and granting consents. Officials, including EECA, are currently implementing a National Energy Efficiency and Conservation Strategy (NEECS) work programme on urban form, which will include consideration of the RMA in this regard. Officials also have a work programme aimed at ensuring that energy efficiency and renewables are effectively addressed in RMA processes and documents.

26. Officials believe that as part of the climate change policy package Government should signal that it intends to amend the RMA. This is in order to avoid putting RMA resource consent applicants in the position where they could be required to mitigate effects for which they also have obligations under government's climate change policies outside of the RMA framework. Legal advice is being sought as to the best way to amend the Act, and officials will report back on this in July after consultation.

- 27 The Government proposes that the RMA will be amended once the Kyoto Protocol is in force, and New Zealand has ratified it.

28 Until the RMA is amended, national guidelines should be prepared to assist local government in its consideration of resource consents that involve emissions of greenhouse gases. While these guidelines would have no statutory power, they would provide some assistance in the interim to local government in its consideration of resource consents involving greenhouse gas emissions. They would also serve to provide consistency across the country in the treatment of these consents. It is proposed that, in addition to the timing of the amendment to the RMA, this option be presented to stakeholders during consultation.

### **Proposed Partnership Project on Climate Change**

29. Some local authorities are more advanced than others in their understanding of climate change and in their willingness to manage local greenhouse gas emissions. Such councils have been calling for guidance on developing greenhouse gas inventories and developing climate change implementation strategies. Some councils have expressed interest in a formalised partnership programme, as described below. Support and resources from the Government to a New Zealand local government programme would standardise these implementation strategies and inventories, enable their participation, and encourage other councils to participate in the programme to reduce greenhouse gas emissions in their communities.

30. The Cities for Climate Protection (CCP) programme is operated by the International Council for Local Environmental Initiatives (ICLEI). ICLEI is an international not-for-profit environmental organisation. The CCP programme has significant uptake in Australia where over 146 local governments participate, representing nearly 60% of the population. Participating CCP councils follow a five-milestone approach to reducing their greenhouse gas emissions:

- Prepare base-line greenhouse gas emission inventories and forecasts for key sources such as council and community energy use, transportation, industry, buildings and waste management
- Establish local greenhouse gas emission reduction targets
- Prepare and adopt (at a political level) Local Climate Action Plans, specifying the measures to be taken to achieve targets
- Implement the Local Climate Action Plans, and
- Periodically monitor and report on all major sources of greenhouse gas emissions and milestone implementation.

31. Officials have considered alternative approaches to the CCP based model in encouraging local governments to manage local emissions and improve both council and public awareness of climate change issues. Options included “do nothing” and to increase funding for the Energy Wise Councils Partnership (EWCP) in order to expand its membership and its activities. Under both of these options, few local authorities would voluntarily initiate broader ranging climate friendly programmes and would lack a strong connection to wider

national climate change policy. Increased funding for EWCP would probably increase council buy-in and actions in the energy efficiency area. While this may indirectly lead to greenhouse gas emission reductions, it does not meet the expressed preferences of the local government sector for a wider climate change based partnership arrangement. It could lead to local climate change strategies and actions being implemented that may not be complementary or consistent with national policy, and are regionally inconsistent. Officials believe that by making EWCP membership a precondition for local government involvement in any local government climate change programme, the EWCP will assist councils in meeting objectives within CCP and delivery of NEECS, and transport policy goals.

32. There are several advantages to developing and implementing a New Zealand version of the international CCP model in partnership with EECA and Local Government New Zealand (LGNZ). Specifically, it would:

- enable those councils that are already examining ways to make a positive contribution to reducing New Zealand's greenhouse gas emissions to systematically assess their own emissions, prioritise and implement actions to reduce them and measure their results
- provide for a framework for engaging non-participating councils, including provision for a communications strategy and connection with the local government components of the proposed public awareness campaign
- facilitate councils to involve their communities in achieving emission reduction targets. This recognises the role of local government as leaders, environmental informers and advocates in the local community
- build on the existing foundations provided by successful and ongoing programmes implemented by EECA and LGNZ
- be organised to facilitate the local delivery of climate change components (and those local government actions with climate change co-benefits) of key Government strategies, including applicable measures and targets under the NEECS, transport policy and the New Zealand Waste Minimisation Strategy, and
- piggyback on the experience and expertise of CCP member local governments in Australia and other countries.

33. In short it would establish an active partnership framework with associated tools and guidance mechanisms to help local government contribute to the delivery of New Zealand's future Kyoto Protocol obligations.

34. Officials are currently working with LGNZ, EECA and ICLEI to explore a governance structure and operational framework for overseeing a programme of this nature. A steering group would be developed as part of this process. The governance structure would need to:

- reflect the representative interests of LGNZ
- build on EECA's existing technological expertise and operational policy base;
- reflect the need for national consistency and complementarity of local and central government policies
- monitor the use of Government resources applied, and
- reflect the interests of service providers (for example ICLEI could be a major service provider who would have an interest in protecting its internationally trademarked CCP campaign).

35. A programme of this nature has been estimated to cost the Government .....  
..... This is based on estimates provided by ICLEI for implementing the

CCP programme in New Zealand. Details of this are provided below in the 'financial implications' section of this paper. Funding for this will be sought in the 2002/2003 budget process.

36. The steering group will report back to Cabinet with a final proposal containing detailed funding requirements by the end of July 2002.

### **Climate change impacts and adaptation**

37. Through their planning functions, local authorities are the agencies with the most direct influence over how communities and regions plan for the possible effects of climate change. While there are some crossovers between greenhouse gas mitigation and adapting to the impacts of climate change (in determining future urban forms, for example), this paper does not attempt to comment explicitly on impacts and adaptation. There is a separate paper on this topic in the suite of papers being presented to Cabinet.

### **Consultation**

38. The following departments have been consulted in the preparation of this paper: Ministry of Agriculture and Forestry, Ministry of Consumer Affairs, Ministry of Defence, Ministry of Economic Development, Ministry of Education, Ministry for the Environment, Ministry of Fisheries, Ministry of Foreign Affairs and Trade, Ministry of Health, Ministry of Social Development, Ministry of Research, Science and Technology, Ministry of Transport, Te Puni Kokiri, The Treasury, the Department of Internal Affairs, the Department of Conservation, the Department of Statistics.

39. The Energy Efficiency and Conservation Authority (EECA) and Local Government New Zealand have also been consulted in the development of this paper

### **Specific Maori/Treaty of Waitangi Issues**

40. There are no Treaty implications arising from this paper.

### **Fiscal Implications**

41. A Budget bid will be submitted seeking funding of .....  
.....in Vote:DPMC to fund the development and implementation of a New Zealand Cities for Climate Protection programme.

42. The allocation of costs .....  
.....

43. The intern programme involves recruiting local university students to assist councils with their inventory data collection and evaluation.

44. The sources of funding .....

45. Participating local authorities will be asked to make a financial commitment to the programme through a one-off payment that is dependent on their population, but will be no greater than \$2000. There may be other financial implications for those councils outside of this membership fee as a result of increased council activity in climate change and energy efficiency.

### **Legislative Implications**

46. There are no immediate legislative implications from this paper. Options for the timing of amendments to the RMA will be presented to stakeholders for consultation, and officials will report back on this, and possible means to amend the RMA in July 2002.

## Recommendations

It is recommended that the Committee:

### The role of local government in climate change

1. **note** that local authorities have an important role in contributing to the successful implementation of climate change policy;

### The Resource Management Act

2. **note** the current lack of clarity regarding the use of the RMA in managing greenhouse gas emissions at a local level;
3. **note** that urban form, which contributes to the future growth of transport emissions in particular, is unlikely to be addressed through national climate change policy and should continue to be considered by RMA tools;
4. **note** that officials are implementing a National Energy Efficiency and Conservation Strategy work programme on urban form which will consider the role of the RMA;
5. **note** that officials are implementing a work programme aimed at ensuring that energy efficiency and renewables are effectively addressed in RMA processes and documents;
6. **agree** that there should be amendments to the RMA to remove the ability of councils to control activities, via resource consents or rules in plans, for the purpose of reducing greenhouse gas emissions and their effects on climate change;
7. **note** that, notwithstanding the proposed amendment discussed above in (6), the appropriateness of land uses and developments, given the potential effects of climate change, and local amenity and health effects of 'greenhouse gas' emissions, will continue to be addressed using RMA tools;
8. **agree** that consultation should include responses to the Government's proposal to amend the RMA once the Kyoto Protocol is in force, and New Zealand has ratified it;
9. **agree** that consultation should also include a question about whether or not Government should develop interim national guidelines to assist local government to control greenhouse gas emissions. These guidelines would be available to councils seeking guidance until the RMA has been amended.
10. **direct** officials to report back to Cabinet by 31 July 2002 on;
  - 10.1 options for the amendment of the RMA
  - 10.2 the timing of the amendments to the RMA
  - 10.3 whether or not there should be guidelines for controlling greenhouse gas emissions, and the possible scope of these guidelines.
  - 10.4 the future work programme on the RMA and climate change, and a budget for this programme

## **A New Zealand Cities for Climate Protection programme**

11. **note** that an adaptation of the international Cities for Climate Protection (CCP) programme concept could be used as a framework in New Zealand to forge an active partnership between local and central government climate change addressing operational policy and implementation issues;
12. **direct** officials to work with Local Government New Zealand, EECA, the International Council for Local Environmental Initiatives (ICLEI), and other potential service providers to develop and introduce a CCP type programme adapted to New Zealand conditions;
13. **note** that a steering group would oversee the application of the New Zealand CCP partnership, and consist of local and central government representatives (including the Energy Efficiency and Conservation Authority and Local Government New Zealand) and a service provider representative from ICLEI;
14. **note** that CCP will be organised to facilitate the delivery of climate change components of key Government strategies, including the National Energy Efficiency and Conservation Strategy, the New Zealand Waste Strategy and the anticipated transport strategy;
15. **note** that that the cost of a New Zealand Cities for Climate Protection is estimated at ..... through Vote Prime Minister and Cabinet;
16. **note** that funding of the costs outlined in recommendation (15) is being considered as part of the 2002 Budget process;
17. **direct** officials to report back to Cabinet with a final proposal on a New Zealand Cities for Climate Protection programme, including programme costings, by 31 July 2002;

## **Climate change impacts and adaptation**

18. **note** the role and opportunities for local government to respond to possible effects of climate change are discussed in a separate Cabinet paper on impacts and adaptation.

Hon Pete Hodgson  
Convenor, Ministerial Group on Climate Change