

The Chair  
**CABINET POLICY COMMITTEE**

**CLIMATE CHANGE IV: THE ROLE OF THE RESOURCE MANAGEMENT ACT**

**Purpose**

1. This paper confirms, following consultation, that the Resource Management Act 1991 (RMA) should be amended to remove the ability of regional councils to consider climate change effects when controlling the discharge of greenhouse gases into the air. It also signals that planning for the effects of climate change, and prioritising energy efficiency and the use of renewable forms of energy, are matters that may also require amendments to the Act.

**Executive Summary**

2. This paper discusses the role of the RMA in three areas of policy: managing greenhouse gas emissions; renewable energy and energy efficiency; and adaptation to the effects of climate change.
3. An amendment to the RMA is proposed that would remove requirements to consider the effects of certain discharge-to-air activities on climate change. This is in recognition that climate change is a global and national issue and that there is a need for clear and consistent treatment of activities between regions. Cost savings for councils and applicants are envisaged.
4. With respect to energy efficiency and renewable energy, the Ministry for the Environment is looking at the need to amend the RMA to achieve the goals of the National Energy Efficiency and Conservation Strategy (NEECS), a core component of the proposed climate change policy, and will report to Cabinet by 30 November 2002.
5. It is important that local authorities plan for the effects of climate change (sea level rise for example). Officials are considering whether such planning is also a matter requiring an amendment to the RMA and will report to Cabinet by 30 November 2002.
6. Should the energy efficiency and renewable energy or adaptation (planning for the effects of climate change) work programmes conclude that amendments are desirable, then those amendments should be introduced to the House together with the discharge-to-air amendment as a set of interrelated climate change amendments.

## **Background**

7. In April this year Cabinet agreed in principle that there should be an amendment to the RMA. The proposed amendment would 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 (CAB Min (02) 13/11 refers). Officials were directed to consult on this proposal, consider amendment options and to report back.
8. In addition to the status of greenhouse gas emissions under the RMA, there are two other climate change matters that officials consider warrant attention which together with the amendment referred to above, constitute a possible set of interrelated RMA issues. Together, they would give greater clarity regarding Government's policy response to its Kyoto Protocol obligations and constitute an important step in implementing those policies. The two additional issues are:-
  - energy efficiency and energy from renewable sources
  - managing the effects of climate change ("adaptation")

All three issues are considered further below.

## **Status of greenhouse gas emissions under the RMA**

9. The appropriate sections requiring amendment to take consideration of greenhouse gas emissions out of the RMA are the plan-making and resource consent sections that relate to the activity of discharging contaminants to air. The rationale for this proposed amendment is that greenhouse gas emissions have global, not local effects, and these are being addressed at a national level as part of Government's policy response to its obligations under the Kyoto Protocol.
10. During consultation on the Government's Preferred Policy, councils and industries involved in discharging greenhouse gases supported an amendment to the RMA. Five of the seven written submissions from regional councils specifically supported an amendment and wanted it to occur as soon as possible. A common theme was that an amendment would regularise what is already common practice.
11. The proposed amendment will therefore remove the ability of regional councils to:
  - a) 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 activities and /or
  - b) consider effects on climate change of discharge-to-air activities when making a decision on a resource consent application

while retaining the ability of councils to have regard to effects of activities on climate change when carrying out other functions and duties under the RMA.

## **Energy Efficiency and Renewable Energy under the RMA**

12. Planning for renewable energy developments and energy efficiency under the RMA can impact on national climate change objectives.
13. Concern had earlier been expressed during the consultation on the draft NEECS that energy efficiency and the production of energy from renewable sources are

often not appropriately prioritised in resource consent processes. Further, similar concerns in relation to wind energy had been expressed by the Parliamentary Commissioner for the Environment in his report "Getting More From Less" (2000). Subsequently, the Local Government and Environment Select Committee had called for an investigation into the barriers posed by the RMA to the establishment of wind farms.

14. The NEECS was published in September 2001 and tasked the Ministry for the Environment, supported by EECA and Local Government New Zealand, with ensuring that sustainable energy issues (e.g. access to solar energy, wind farms, use of waste wood) are effectively addressed in RMA processes and documents.
15. The Ministry for the Environment has begun work on this area and is examining:
  - the appropriateness, adequacy and clarity of councils' mandate in these areas under the RMA
  - the appropriateness, adequacy and clarity of the guidance given to councils in these areas by the RMA
  - whether councils' current practice under the RMA in relation to energy efficiency and renewables is best practice.
16. In order to facilitate an approach whereby related RMA climate change amendments are addressed concurrently, this work programme has been changed so that officials will be able to report on possible RMA amendments by 30 November 2002. The balance of the work will continue past that date and is scheduled for completion by 30 June 2003.
17. One possible outcome that was suggested during consultation on the Preferred Policy Package is an amendment to section 6 of the RMA. This would make energy efficiency and renewable energy "matters of national importance". Ministry for the Environment officials are evaluating this suggestion, along with other options.

### **Adaptation to the effects of climate change**

18. A recent Cabinet paper (CAB Min (02) 13/12 refers) proposed a work plan concerning adaptation to the effects of climate change along the following lines:
  - survey the extent to which local authorities have explicitly considered the effects of climate change, what the barriers to their considerations have been, and what risks any lack of planning may create
  - provide practical assistance to plan for the effects of climate change and choose suitable adaptation responses, through networking, information, guidance notes, best management practices and other non-binding mechanisms
  - consult with local authorities about the need for, and extent of, any strengthening of the legislative mandate, and make recommendations to government, based on the findings and assistance described in the previous two bullet points.
19. The New Zealand Coastal Policy Statement (NZCPS), which is a national policy statement under the RMA, includes policies that require councils to recognise the possibility of sea level rise. The RMA itself makes no explicit provision for climate change. However it does require local authorities to "... [sustain] the potential of natural and physical resources [...] to meet the reasonably foreseeable needs of future generations" (Section 5). It can therefore be argued that the impacts of

climate change, and the need to adapt to those changes as far as they are “reasonably foreseeable”, is included in the current legislation.

20. There are however a number of difficulties with the role of adaptation in the RMA
  - the mandate to consider the effects of climate change is not explicit: it depends on the proactive outlook and “belief” in climate change by individual local authorities
  - it is not universally accepted in the wider community that climate change is real, hence arguments about the need to plan for climate change effects often end up before the Environment Court
  - even if one accepts global climate change as “reasonably foreseeable”, there are scientific and technical uncertainties associated with:
    - the *quantification* of the likely climate changes across New Zealand;
    - the *impacts* of those changes on the environment (e.g., how much erosion would a 40cm sea-level rise cause for a particular beach?);
    - what the *most suitable adaptation option* would be, taking into account existing uses and social acceptability, preservation of the natural environment, and cost-effectiveness of any measures.
21. In support of the “set of climate change policies” approach outlined above, officials are bringing forward work on the RMA that looks at the legal obligation of councils to provide for adaptation to the effects of climate change and whether an amendment to the RMA is necessary. Officials will report back on a possible amendment by 30 November 2002.
22. Any amendment would need to be accompanied by suitable guidance material.

### **Transitional arrangements**

23. There is a need to consider transitional provisions. Any amendment must have regard to resource consents in existence at the time the Act is amended and to existing RMA plans.
24. It is proposed that there should be no effect on existing resource consents where the consent holder has already given effect to the consent. It is not expected that this will cause much concern, as conditions on the majority of current consent are not onerous. The exception may be Stratford Power Limited. But there will be the option for consent holders such as Stratford Power Limited to seek review of their conditions.
25. For existing RMA plans, it is proposed that rules relating to the control of the effects on climate change of greenhouse gas emissions from industrial and trade premises become null and void.

### **Timing of any amendments**

26. In submissions, those councils seeking the amendment relating to the status of greenhouse gases under the RMA were unanimous in their request that it occur as soon as possible. The alternative is that it occurs in 2007, when the pricing mechanism (carbon charge) is expected to take effect.

27. There was concern expressed in consultation that an immediate amendment to the RMA will create a policy vacuum until 2007. Officials believe that this would not be the case for three reasons. First, it is highly likely that investment decisions on long-lived capital made in the intervening period will factor in a future price on greenhouse gas emissions. That is, production and investment decisions should incorporate all foreseeable costs. Secondly, the 'foundation policies' (such as the NEECS) are not reliant on the application of the carbon charge and will address greenhouse gas emissions before 2007. Thirdly, the early development and implementation of Negotiated Greenhouse Agreements and Projects will likely incentivise some emission reductions in the period leading to 2007.
28. It is proposed that drafting instructions can be issued immediately in respect of an amendment to the control of greenhouse gases.
29. In relation to the other possible amendments (energy efficiency and renewables, and adaptation), these are to be considered further by officials with a clear intention to proceed promptly with amendments unless there are good reasons for not doing so. Recommendations on these issues will be made to Cabinet no later than 30 November 2002.

## **Risks**

30. In proposing the amendment it is acknowledged that in seeking to provide the greatest level of certainty, which is sought by regional councils, there are some risks:
- The amendment potentially undermines the architecture of the RMA. It removes a specific method for addressing environmental effects (the discharge-to-air resource consent process) even though climate change remains a matter to be addressed by the RMA.
  - If in the future the proposed national climate change policy is seen to be ineffective, the government could be criticised for removing the RMA mechanisms for controlling emissions.
  - The amendment may send a message to councils that they do not have responsibilities for climate change generally, for example in relation to urban form and planning for sea level rise. Officials consider that this risk could be minimised by specific drafting and by incorporating other proposed amendments discussed in this paper in the Bill.

## **Consultation**

31. The following departments have been consulted in the preparation of this paper: Ministry of Agriculture and Forestry, Ministry of Civil Defence and Emergency Management, Ministry of Consumer Affairs, Ministry of Defence, Ministry of Economic Development, Ministry of Education, 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.
32. EECA and Local Government New Zealand have also been consulted in the development of this paper. Further consultation will occur with key external stakeholders during October – November on the energy efficiency / renewables and adaptation matters.

### **Fiscal implications**

33. The cost of amending the RMA will be covered by existing baselines.

### **Human rights**

34. There are no known human rights issues

### **Legislative implications**

35. An amendment is proposed to the Resource Management Act 1991. A stand-alone Bill is anticipated rather than an addition to the current Resource Management Amendment Bill 1999 or the Climate Change Response Bill 2002.

36. Transitional provisions will be required to provide certainty for discharge-to-air applications that are in progress and existing consents.

37. Other amendments may follow after Cabinet consideration of a report back by officials, which will be completed no later than 30 November 2002. Any further amendments will be incorporated in the proposed stand-alone bill.

### **Regulatory impact and business compliance cost statement**

38. The Business Compliance Cost Statement (BCCS) attached to the RIS identifies that the amendment is likely to result in cost savings for councils, for emitters and for those who make submissions on consent and plan change applications.

39. A further RIS will be prepared for any additional amendments that may be proposed in the November report back.

40. Based on the information provided in the attached RIS/BCCS, the Business Compliance Costs Unit considers that the disclosure of information is adequate, and the level of analysis is appropriate given the likely impacts of the proposal.

### **Publicity**

41. Information on the reason for the amendment and on the additional matters under consideration will be required for councils, key stakeholders and the general public.

### **Recommendations**

It is recommended that the Committee:

1. **agree** to amend the Resource Management Act to:

- 1.1. 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 activities; and
- 1.2. remove the ability of regional councils to consider effects on climate change of discharge-to-air activities when making a decision on a resource consent application

while retaining the ability of councils to have regard to effects of activities on climate change when carrying out other functions and duties under the Resource Management Act.

2. **agree** that the amendment outlined in recommendation 1 should proceed with the intention of enacting it within the next 12 months and should not await the introduction of a pricing mechanism or the beginning of the first commitment period (2008 - 2012).
3. **agree** to the following transitional arrangements, to accompany the amendment outlined in recommendation 1:
  - 3.1. that there be no effect on existing resource consents where the consent holder has already given effect to the consent; and
  - 3.2. for existing RMA plans, that the rules relating to the control of the effects on climate change of greenhouse gas emissions from any industrial and trade premise become null and void.
4. **agree** to recommend that Cabinet approve the Bill be added to the legislative programme and accorded priority 5 (drafting instructions to PCO to be provided in 2002).
5. **note** the work programmes on the role of the Resource Management Act in renewable energy and energy efficiency, and adaptation to the effects of climate change, are being brought forward in order to provide advice to Ministers on whether amendments are required to further support climate change policy by 30 November 2002.
6. **note** that any proposed amendments to the RMA arising from the work programmes in recommendation 5 would be linked to the above amendment so to create a single climate change Resource Management Act Amendment Bill.
7. **note** that there will be targeted consultation with Local Government New Zealand and other key stakeholders over any proposed amendments to the RMA on renewable energy and energy efficiency, and adaptation.

Hon Pete Hodgson  
Convenor, Ministerial Group on Climate Change

Hon Marian Hobbs  
Minister for the Environment

## **Appendix**

### **Regulatory Impact Statement**

1. *Background*

- 1.1 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.
  
2. *Statement of the nature and magnitude of the problem and the need for government action*
  
- 2.1 There are three problems being addressed by this action:
  - a) The current lack of clarity regarding the role of the RMA in addressing greenhouse gas emissions, which has led to the Environment Court hearing questions on whether regional councils should control greenhouse gas emissions, and by which means. These cases are resource, time and financially expensive for all parties.
  - b) The current potential for regionally inconsistent treatment of emitters, where one regional council places more stringent controls on emissions than a neighbouring region. In many cases, interested stakeholders are contesting these controls at the Environment Court (for example, the recent Environmental Defence Society v Auckland Regional Council and Contact Energy case). However, even Environment court decisions do not create consistency across regions, as only High Court decisions would provide precedent that would bind the Environment Court. Consequently, there are likely to be more expensive and time consuming court cases.
  - c) The future potential for emitters to face double controls on their emissions; through national climate change policies and through local RMA controls. This will be the case for Stratford Power Station for example. It has conditions on its discharge to air permits that seek to mitigate greenhouse gas emissions, as well as those same emissions being addressed by the carbon charge and other climate change policy instruments (these are to be confirmed by Cabinet as part of the current suite of Cabinet papers on climate change).
  
3. *Statement of the public policy objective(s)*
  
- 3.1 The policy objectives are to:
  - a) address the existing lack of clarity and certainty about the roles of local government and the RMA in addressing discharges to air of greenhouse gases, and
  - b) avoid putting emitters of greenhouse gases in the position where they could be required under the RMA to mitigate effects for which they also have obligations under government's climate change policies outside the RMA framework
  
4. *Statement of feasible options (regulatory and/or non-regulatory) that may constitute viable means for achieving the desired objective(s)*

4.1 The options for achieving the policy objective include:

- a) Status Quo: The status quo is not a viable way of meeting the policy objectives and addressing the problems identified above. Under the status quo, regional councils are able to place conditions on discharge to air consents regarding greenhouse gas emissions depending on the wording of their regional policy statement. Controls or conditions in consents could require emitters to measure, monitor and, depending on council rules and decisions, to mitigate those emissions by some means.
- b) National Policy Statement: One possible approach to addressing the problems identified above 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 a relatively ineffective and inefficient approach to clarifying the role of the RMA in managing greenhouse gas emissions.
- c) Guidelines: National guidelines have no statutory power. They describe best planning practise but do not hold any council to a course of action. They would provide some assistance in the interim to local government when considering resource consents involving greenhouse gas emissions. They would also serve to provide consistency across the country in the treatment of these consents. A few councils submitted they would be useful, particularly prior to national mechanisms coming into play in the first commitment period (years 2008-2012, when New Zealand has binding emission targets under the Kyoto Protocol). It was thought that if the RMA were not amended until 2007, then guidelines could provide some clarification in the interim.
- d) Amendment to the RMA: An amendment that removes the present ability of regional councils to control emissions of greenhouse gases for climate change reasons will mean that emitters only face controls on their emissions from national policy instruments outside the RMA. This is the preferred policy option, primarily because it would provide greater certainty for councils and emitters across NZ.

5. *Statement of the net benefit of the proposal, including total regulatory costs (administrative, compliance and economic costs) and benefits (including non-quantifiable benefits) of the proposal, and other feasible options*

- 5.1 The groups affected by this regulatory proposal include the emitters of greenhouse gases, local authorities and submitters on the consent application process.

- 5.2 Taranaki Regional Council has stated that the role of the RMA in managing the greenhouse gas emissions in its region has cost the Council at least \$907,000 in the last ten years. This is broken down as follows:
- |   |  |           |
|---|--|-----------|
| - | Resource consent processes (27 applications) | \$807,000 |
| - | Policy and plan development                  | \$80,000  |
| - | Advocacy                                     | \$20,000  |
- 5.3 The first line item above are costs associated with the consideration of greenhouse gas emissions, and control on those emissions, in applications for discharge to air consents. This also includes the costs of Environment Court cases where the decisions of the Council in respect of those conditions were contested. Note that Taranaki is an area of high greenhouse gas emitting industries hence the Taranaki regional council is likely to have the greatest expense on this issue, relative to other regional councils. It is highly likely that some councils have nil costs on this issue outside normal plan and policy creation procedures.
- 5.4 It is expected there will be a reduction in administrative, compliance and economic costs for all parties identified above in paragraph 5.1, however these costs have not been quantified for each party or in total for the country. Taranaki Regional Council states that “... *the costs to [resource consent] applicants and others will have been substantially higher [than to the council], not only in direct costs incurred but also in the significant delays to projects [under the current provisions of the RMA, that is, prior to this proposed amendment]. For example, the New Zealand Milk Products Whareroa cogeneration plant, the most efficient cogen plant in New Zealand, was delayed some 13 months before the appeal was eventually withdrawn... We have not attempted to estimate the costs to New Zealand of these delays, for example the delays in introducing more efficient energy generation, but the costs are likely to be in the tens of millions of dollars*”.<sup>1</sup>
- 5.5 There has been a concern expressed by some parties (in departmental and public consultation on this policy) that an immediate amendment to the RMA will create a policy vacuum until 2007. Officials believe that this would not be the case for three reasons. Firstly, it is highly likely that investment decisions on long-lived capital made in the intervening period will factor in a future price on greenhouse gas emissions (i.e. a carbon charge). That is, production and investment decisions should incorporate all foreseeable costs. Secondly, the ‘foundation policies’ (such as the National Energy Efficiency and Conservation Strategy) are not reliant on the application of the carbon charge and will indirectly address greenhouse gas emissions before 2007. Finally, the early development and management of Negotiated Greenhouse Agreements and Projects will likely incentivise some emission reductions in the period leading to 2007. Hence, it is highly unlikely that as a result of the proposed amendment there will be a sudden increase in emissions that create future burdens. Greenhouse gas emissions from industries are not being controlled through RMA tools at present, hence the removal of the ability of the RMA to address those emissions is unlikely to result in significant emission growth.

## 6. *Statement of consultation undertaken*

---

<sup>1</sup> Submission to the Foreign Affairs, Defence and Trade Select Committee on the Climate Change Response Bill, 12 September 2002.

- 6.1 The New Zealand Climate Change Project team has consulted widely on this and other areas of climate change policy. As part of the national consultation rounds in November 2001 and May 2002, the public, local authorities and other stakeholder groups (including industries) were asked to provide submissions on whether there should be an amendment (2001) and the nature and timing of any such amendment (2002).
- 6.2 In the latter consultation there was support for an amendment. Five of the seven written submissions from regional councils supported the objective of the amendment to the RMA.
- 6.3 Government departments have been widely consulted through Cabinet paper process and the development of climate change policy. The departments consulted are:  
Ministry of Agriculture and Forestry, Ministry of Consumer Affairs, Ministry of Defence, Ministry of Economic Development, Ministry of Education, 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, Ministry for the Environment, Te Puni Kokiri, The Treasury, the Department of Internal Affairs, the Department of Conservation, the Department of Statistics. All departments support the proposed amendment.
- 6.4 The Energy Efficiency and Conservation Authority and Local Government New Zealand (LGNZ) have also been consulted. LGNZ was adamant that the amendment should proceed with utmost urgency in order to address the (time and uncertainty) costs being borne by its members. EECA also supports the proposed amendment.
- 6.5 Opposition to the proposal came from Environment Canterbury. The Council submitted that it felt the double addressing of emissions through national and local level policies was 'not a problem' and that the RMA provided an adequate framework for addressing local emissions. Policy officials considered these views. It was noted that Environment Canterbury has had limited exposure to the policy issue, as compared to Regional Councils with high emitting industries (Taranaki and Waikato for example) who support an amendment. Additionally, officials believe the future double controls on emissions will be administratively and economically inefficient and lead to significant regional controls on emissions. For those reasons, the submission from Environment Canterbury has not affected the proposed policy.
- 6.6 Environment Bay of Plenty also opposed the amendment. They preferred the use of a National Policy Statement to clarify the roles Government expects of the Council in national climate change policy. Paragraph 4b above explains why an NPS is not the preferred policy option.
- 6.6 Some district and city councils opposed the proposal. These had similar points of view as Environment Canterbury and Environment Bay of Plenty and often recommended the use a National Policy Statement.
- 6.7 There was widespread support for the proposed amendment from industry groups and individual businesses. For example, there was support for an immediate amendment from Business New Zealand, Shell New Zealand and from Fletcher Building Limited.

## 7. *Business Compliance Cost Statement*

- 7.1 *The source of any compliance costs:* There are no new compliance costs from this proposal. The proposal will reduce current compliance costs arising from the need for businesses to assess and estimate greenhouse gas emissions arising from new or current production methods. The current compliance costs also include the costs of resource consent applications, of resource consent hearing if needed, and contesting issues in the court system.
- 7.2 *Parties likely to be affected, by sector and size of firm:* The amendment is likely to result in cost savings for those industries and individuals who are greenhouse gas emitters and those who make submissions on consent and plan change applications. Sectors likely to be affected are those with high emissions, such as oil refineries, coal and gas fired power stations and cement producers. These are very large businesses. Estimates of the numbers of businesses in those sectors that make resource consent applications regarding discharge to air permits, and of those who make submissions on those consents have not been determined. Irrespective of the precise size of those existing compliance costs, this proposal seeks to remove them altogether.
- 7.3 *Quantitative (if possible) or qualitative estimates of compliance costs (both in aggregate and upon individual firms, persons);* Quantitative assessments of the compliance costs impacts on businesses have not been estimated. Whatever the exact amount for each business, this policy proposal will result in a reduction of (existing compliance) costs.
- 7.4 In qualitative terms, industries will no longer need to include greenhouse gases in their assessments of environmental effects, nor incur the costs associated with legal contests from project opponents. Submitters on resource consent or plan change applications will not incur negotiation and analysis costs when the issue involves greenhouse gas emissions from industries.
- 7.4 *The longer-term implications of the compliance cost for business - are they one-off costs? Will they be reducing over time?* The reduction in costs will continue over time, and will be felt when industries are normally required to resubmit applications for discharge to air permits.
- 7.5 *An assessment of the risks associated with any estimates and the level of confidence that can be placed on the compliance cost assessment:* There has been no attempt to quantify the effect on compliance costs arising from this policy proposal. However, it is assumed that compliance costs will be reduced based in the following assumptions: firstly, that emitters will no longer need to measure and report greenhouse gas emissions to councils as part of a resource consent condition. Secondly, emitters will not need to bear the costs of public consultation on their resource consents and negotiate with council and stakeholders the conditions on those consents. Thirdly, the proposed policy will result in reduced cost from litigation at the Environment Court for all parties. While these are assumptions, it is logical that as a result of this proposed policy there will be a reduction in compliance costs.
- 7.6 *The key issues relating to compliance costs identified in consultation:* There was no mention of business compliance costs in consultation other than

several submissions from local authorities that indicated their support for the amendment based on less demand on their resources.

7.7 *Any overlapping compliance requirements with other agencies:* None

7.8 *Steps that were taken to ensure that compliance costs were minimised:* This proposal reduces compliance costs. Transitional arrangements are relevant for only one business (Stratford Power Station) and will not impose any financial or other costs on that business due to the complex calculations as to when the conditions on its discharge to air consent become active. Additionally, industries have already been consulted on this proposed policy. This awareness will also reduce transitional compliance costs.