

and powers under the Act must have particular regard, by adding the explicit requirement to consider the efficient use of energy, the benefits derived from the use and development of renewable energy, and the effects of climate change, such as changes in typical rainfall patterns and sea-level rise. The remaining two clauses ensure the Government's preference for national control of greenhouse gas emissions does not result in emitters facing duplication of controls.

Except when considering the benefits of lower greenhouse gas emitting renewable energies or implementing a national environmental standard, the bill removes the ability for regional councils to consider the effect of greenhouse gas emissions on climate change when writing rules and deciding on consent applications. These provisions include national direction on energy efficiency and climate change matters. They provide clarity about what councils should and should not be considering in this regard, and accordingly will assist consistency in approach between councils.

The Local Government and Environment Committee received 40 submissions, along with a number of late submissions and further information. I understand that a significant amount of the material was of a very detailed, and often technical, nature. I thank the select committee for its thorough consideration of this material. The committee reported back to the House on 8 December last year, and recommended by majority that the bill be passed, with amendments.

The amendments provided by the committee are constructive and helpful. They add clarity, and correct drafting errors without requiring substantive change. Three key amendments recommended by the committee are: clarifying that efficiency of use of energy refers to "end use"; removing the unintentional narrowing created by references to "industrial and trade premises"; and clarifying that in considering the benefits of lower greenhouse gas emissions from renewable energy, consideration should be given in both the absolute and the comparative sense.

The Government's intention when explicitly providing for the efficient use of energy in section 7 of the Resource Management Act relates to efficiencies in the use or application of energy, rather than efficiencies in the initial conversion processes—for example, when planning land use activities and roading networks. Accordingly, the Government supports the clarification provided by the committee in narrowing the consideration to "end use". Similarly, the Government supports the clarification provided by the committee in recommending that all reference to industrial and trade premises be removed from the bill, leaving it in would narrow the scope unintentionally.

On the last matter, the committee was concerned that reference to "reduces the discharge" is ambiguous. It recommends that both an absolute discharge and a comparative one be explicitly provided for in the bill. The Government agrees to that. I commend the bill to the House.

Hon Dr NICK SMITH (National—Nelson): This confused, muddled bill is nothing more than a triumph for political correctness over sound policy. I do want to acknowledge the effective job that the chair and my fellow members of the Local Government and Environment Committee did in trying to make something of this mess. But I want to set out where the Government's policy in this area is so confused and uncertain. This bill compounds the dumb decisions that have already been made by the Government in respect of climate change. It adds to the huge uncertainty that we already have in the Resource Management Act, and it dumps on to councils yet another responsibility and on to ratepayers yet another cost, for no good reason. This bill is not good for the environment. It will not be of any help in dealing with the approaching energy crisis, and it will damage New Zealand's growth prospects. It is just another plank in this Government's flawed approach to the issue of climate change.

RESOURCE MANAGEMENT (ENERGY AND CLIMATE CHANGE) AMENDMENT BILL

Second Reading

Hon JUDITH TIZARD (Minister of Consumer Affairs), on behalf of the **Convenor, Ministerial Group on Climate Change:** I move, *That the Resource Management (Energy and Climate Change) Amendment Bill be now read a second time.* This is a small bill—it has only nine clauses. Excluding the preliminary provisions and transitional matters, there are only three key clauses. The first clause changes section 7 of the Resource Management Act—that is, matters to which those exercising functions

Most New Zealanders realise it was a huge error of the Labour Government to ratify the Kyoto Protocol ahead of all of our major trading partners, and that is an issue of some controversy. The Government has promised that in 2007 it is going to oppose—

Hon Harry Duynhoven: Who signed the original agreement?

Hon Dr NICK SMITH: We did—after Canada, Australia, and the United States. Our position is quite consistent, I tell that member I would like him or the Minister to explain why Labour chose to take that action. Furthermore, I want the Minister to explain to the House how it is in New Zealand's interests to impose a carbon tax on all New Zealand fuel users, energy users, etc., when no such tax is going to be imposed on such users in the United States and Australia, or by our major trading partners. That carbon tax—and I understand that Government members want to tax anything that moves, plus some others—is a major threat to the growth of our nation.

Then we bring on top of that the silly provisions that are contained in this bill. Let us go through and look at some of those. We see clause 3 will require every single council in New Zealand to plan for the effects of climate change. Well!

Hon Members: Wow!

Hon Dr NICK SMITH: I am reminded of that wonderful quote from the Minister, Pete Hodgson, who said it was the Government's responsibility to provide a stable climate for the people of New Zealand. Well, I bet there will be a few people in the Manawatu and Rangitikei areas who want a cash-in from Mr Hodgson—the weather has not been very stable for the last 4 weeks. The global climate has not been very stable for the last 10 years, the last 100 years, the last 1,000 years, nor the last 10,000 years, and I am not quite sure just why this Government believes it can somehow promise stability. We know the history of the global climate. We know, for instance, that in the 1700s the climate was substantially colder. There was a mini - ice age. We know that in the 1300s the climate was substantially warmer. We know there was a warm period.

There is huge uncertainty about climate change. It is very interesting that all the information that is provided by the Intergovernmental Panel on Climate Change refers to scenarios, but the Government refers to predictions. The Government gives a level of certainty to the science around climate change that simply is not there—and now it is going to require all 92 of New Zealand's local authorities, up and down the country, to plan for something that even the international scientists have difficulty working out. It is a dream for consultants. We all know that consultants will be employed by every council up and down New Zealand, and that the costs will be passed on to the poor old ratepayer. We ask, given that even scientists cannot accurately predict the effects of climate change on a global level, how the poor old Rangitikei District Council or our small authorities will be able to predict and plan for it. It is a nonsense.

I come now to the provisions in this bill about energy efficiency. Energy efficiency is one of those things like motherhood and apple pie. One has to be in favour of energy efficiency. But this bill has holes in it that we could drive a bus through. What is absolutely significant is that the bill says that people have to have energy efficiency for the end use of energy—for the end use. Let us see what that means. That means that if a person wants to build a huge coal-fired power station and applies for resource consent, the council need not have any regard at all as to whether that person is efficiently using the coal—that is outside the scope of the bill. If a person wants to produce an inefficient hydro or geothermal scheme that wastes huge amounts of energy, there is no problem. The Government does not seem to be concerned with that. But if one has a small business that is building a factory, then the council can crawl its fingers all over that person to make sure that he or she is energy efficient, because of that definition and the inclusion of the words stating that this bill will affect only "the end use of energy".

We all heard the Minister for Small Business, John Tamihere, getting stuck into

business around New Zealand last week, and proclaiming himself to be the great advocate for small business. Well, where is that Minister? Where is he, in terms of debating this bill? The provisions of this bill put an imposition on the end users of energy, and those users will predominantly be small businesses. Yet the generators, who are to be exempt from these energy-efficiency requirements, will be mainly big businesses. That says something about the double standards of the Government, the illogicality of its policy, and its lack of true commitment to do anything for small business.

Then there is the argument about the intent of what the Government is trying to achieve with this bill. I have pointed out, for instance, that if a person wants to get a consent for a house, a farm shed, or a small factory, that person will now have council officials crawling all over him or her about the issue of whether that dwelling or building is energy efficient. There is an argument about energy efficiency, but primarily that is for the business owner to determine. Of course a person building a house, a factory, or whatever other type of building will be concerned about those issues—and so he or she should be. But why have council bureaucrats crawling all over people, and telling them what they think are the best ways in which people can use energy efficiently in their resource consent proposals? That is particularly anomalous when companies such as BP, the Marsden Point oil refinery, Contact Energy, and the State's four energy companies will be completely exempt from those requirements—that is nuts.

National and ACT have strongly opposed this bill because there is a fundamental flaw in it: one would think that there is no such thing as a market. Under this bill, one would think that there is no such thing as anybody buying electricity or paying for it. We will have a bunch of planners and stickybeak bureaucrats getting into the whole argument about efficient energy use, rather than using market tools. It is National's view that there is a very valid argument for this House to have about ensuring that the pricing of all forms of energy reflects the true costs. So it should. That is a good argument to have, and we are happy to have it. What we do not want is another confused Resource Management Amendment bill that just adds to the hotchpotch and the uncertainty. That is such an important issue.

The issues of energy, the environment, and the economy are absolutely pivotal for this country's success, but we will not make progress on them with these sorts of muddled, ad hoc bills. We had the Resource Management Amendment Bill last year, and that changed some of the rules. We have another bill—the Resource Management (Waitaki Catchment) Amendment Bill—which is going to create another special set of rules in one catchment of New Zealand. And now we have another hotchpotch bill that states that energy efficiency is important for some people but not for others, and we are to have a whole bunch of council bureaucrats getting into the climate change argument.

I simply say to Government members that we need a clear policy and a comprehensive approach. We do not need more piecemeal resource management bills. I say to this House that we should reject this bill and do a comprehensive reform of the Resource Management Act, so that we can get the sort of law that will provide for New Zealand's economic development and for the proper protection of our environment.

MARK PECK (Labour—Invercargill): I have one sentence to say to that member in respect of his speech: 9 years, and he did nothing. For 9 years he had his head in the sand, and he did nothing about these particular issues, and now this Government has to address them.

I thought the Minister outlined the position very well, indeed. This particular bill has nine clauses. It is not a very big bill, at all. It does have some important principles in it, and it does make some fairly important statements about energy efficiency and the role

of local authorities in respect of the Resource Management Act when looking at those particular matters. I ask the member this question: what is wrong with a landfill in my area, which is now taking the waste from most of our urban centres, using the methane that is produced from the rotting vegetation, and so on, to fire a lime kiln that will be used to provide fertiliser for Southland farmers, thereby reducing the reliance on coal? What is wrong with that?

Hon Dr Nick Smith: It's good.

MARK PECK: It is good that that should be done. And what is wrong with that occurring in other projects, as well, as we look at the issue of climate change?

I say to the member that there is no difficulty in arguing and dealing with the issues of climate change in this House. Indeed, we probably need to have more debates on them. It used to be a competitive advantage in Southland that we never had to worry about drought. Yet I was in Lumsden a couple of Mondays ago to meet with farmers because of drought. What those farmers could not be guaranteed by the climate specialists who were there was whether that was a particular weather pattern, or whether we were facing climate change.

Hon Ken Shirley: There have always been droughts. What drive!

MARK PECK: The member can rant and rave if he likes, but the truth of the matter is that as we look at what is going on, not just in our country but globally, we see that the changes in weather patterns around the world are such that climate change is, in fact, big news.

This legislation is part of the response to climate change. It is not the Government's total response to climate change issues. Neither is it the total response to our energy requirements, either. But it is part of that. It is part of a raft of changes that will be needed as this Government addresses those issues. I think the Local Government and Environment Committee did a very good job on this particular bill, and I look forward to its continued progress through the House.

JIM PETERS (NZ First): This selective small bill before us is interesting, because just over a year ago some members of the House took very seriously an amendment of the Resource Management Act—unlike the Government. Today, this is one of two bills before the House—one shortly to be debated—that are, again, selective amendments to the major Resource Management Act. Neither take into account or reconcile—and this one, particularly—the purpose of the Resource Management Act, and neither give the direction that the Act ought to give with regard to these matters.

In the case of New Zealand First, this particular small bill is one that we utterly reject, because unlike National and Labour, we do not give any assent or confidence to the Kyoto Protocol. In a day and age in which first the United States and Australia, and shortly Russia, are about to firmly veto any part in the Kyoto Protocol—in the words of a recent *Time* article, it is a “dead duck”—why is our Government pursuing some first aims, to be first in the world, at high cost to our economy, particularly with regard to the resolution of the energy crisis that we are about to face? We are facing an emerging shortage of electricity. We are at a very critical stage in this country. We need to have a secure and stable energy supply. The bill refers to energy conservation and energy efficiency, but it is not even a mid-term—and certainly not a long-term—solution to that problem, because, unfortunately, it misses out on a major possible solution to our problem, which is the modern, effective use of coal.

Our party, therefore, strongly opposes the bill. We believe it is an inadequate answer to the issues before us with regard to energy supply. Our stance was supported by a number of submitters. We turn to the narrative, and what does it state under “Purpose”? “The purpose of the bill is to ... give effect to the Government's climate change and energy policies”—such as they are. “The bill recognises the Government's preference

for national co-ordination of controls”, and I will come back to that shortly. It further states that it requires that “persons exercising functions and powers under the Resource Management Act have particular regard to the effects of climate change, the benefits of efficient energy use, and the benefits of renewable energy”.

I come back to the statements made by one of the members of the committee—and I will be interested to see United Future's stance subsequently in the debate, because I concur absolutely—that: “Given the high degree of uncertainty surrounding all projections based on the science of climate change, stronger guidance from central government is needed to assist local authorities in planning for the potential effects of climate change.” Unlike what the last speaker said, local authorities will do that, and could do that, if there is guidance. Unfortunately, that has not been given, at all.

If we skim through the bill in the way that Dr Smith did, we see there is a lack of real guidance to local authorities. I do not believe at all that local authorities would wish to have anything other than firm direction, and I therefore suggest that the Government stop the wishy-washy approach that the Minister enunciated in his opening speech in the first reading, when he said, in effect, that there was a case for national policy standards, but that they should wait. In the course of the bill's consideration, we heard further that there were no plans to give national policy statements with regard to the matters inherent in it—not at all. So we have, as Dr Smith has already said, a very confused bill. It might not be confusing to the Government, but I can assure members that it will be confusing to those people who, unfortunately, have to consider applications, and, more important, have to consider lodging applications. There is no consistency to give them guidance. There is no purpose to give them guidance. To that degree, it will not be a helpful feature in our economy.

Who would not support the idea of more efficient energy use? With regard to the bill's intention to give effect to the Government's climate change and energy policies, I suggest very strongly that this House ought to give further consideration to the impact of the modern technology that is available for the use of coal for generation. I cannot conceive—and I spoke recently about these matters with people involved in electrical supply authorities—why we have turned aside so quickly and so easily from serious consideration of the modern coal industry. There are numerous examples. Just over 1,400 miles from here, in Australia, there are modern technologies where pollutants are not an issue any more. In Victoria they are almost right down to every conceivable use of the by-products of coal generation.

Hon Harry Duynhoven: CO2.

JIM PETERS: And that, as well. This country has generous coal reserves. There is no energy crisis. But for some obtuse reason the Government, and those who advise it, are standing aside from any further development of our coal resource. Instead, we have a haphazard, piecemeal approach—

Hon Harry Duynhoven: No.

JIM PETERS:—it is—to the issue of energy. The upsides are no problem any more, and any further development and research would show that exactly. Instead, we do not give encouragement in this country to those who favour the use of coal for energy, at all. So we are not likely to ever get to the state of the advanced technologies that are used in Australia and Europe, which could be available here. By the way, last year, the future source for dealing with any likely shortage this year would have been coal. We use coal in its ancient form really, when before us—

Gerrard Eckhoff: It's imported.

JIM PETERS: As the member said, imported coal, when before us is the ability instead to be progressive and to pick up the whole nature of coal burning in its modern sense.

We have a small bill, which is piecemeal. It is a small bill that does not incorporate, I believe—and I will develop this theme further in the Committee stage—the actual reconciling of the principal Act to this minor bill that is before us.

In conclusion, New Zealand First does not support the selective amendment of the Resource Management Act, which is an effects-based Act—and this bill is not. We do not support legislative and Government bias of only one or another renewable energy source and generation. We do not support what will be a costly imposition upon the community, as we look to this and other energy sources as constrained and limited by the bill. We believe very strongly that there must be, if this bill is to work, a national policy statement. We do not want some loose ideas that will give to local authorities the very result that Dr Smith envisages could happen. Instead, we need firm and consistent guidelines for all applicants—as I said earlier—for all administrators of the bill, and not least for regional planning, so that those can be incorporated into regional plans for the future. There is a very strong case for an affordable energy source, rather than the costly one being admitted and developed in this bill. That source is coal. We do not support the further reading of this bill.

JEANNETTE FITZSIMONS (Co-Leader—Green): This bill goes to the heart of the question of what is the role of local government in restraining greenhouse gas emissions and in helping to meet our climate change obligations. So much environmental regulation and environmental policy-making has been devolved under the Resource Management Act to local government that their role in this is obviously crucial and needs to be clarified.

Sitting suspended from 6 p.m. to 7.30 p.m.

JEANNETTE FITZSIMONS: As I said in my 30 seconds before dinner, this bill goes to the heart of the question of just what the role of local government is in addressing greenhouse gas emissions and climate change. That was the subject of a select committee inquiry some 3 years ago, carried out by the Local Government and Environment Committee. The committee took more than a year to look at that question, with the very close cooperation of Local Government New Zealand, which was very pleased that the issue was being addressed. A number of our recommendations are actually implemented in this bill.

I am very sad that in the debate so far, the argument has simply become one about the Kyoto Protocol and whether New Zealand should have ratified it: as though a hundred other nations ratifying before us was not sufficient precedent, as though all of Europe, Japan, and Canada who have ratified are not sufficient trading partners of ours to join them—collectively, they are more important trading partners than the United States—and as though, if Kyoto is not ratified, then there will be no need to do anything about climate change. It would be just as if it would be fine for us all to go out and start killing each other if we were suddenly, through some legal aberration, to have no law against murder. The fact is, whether or not Kyoto is ratified, climate change is a serious environmental issue and the world will have to get to grips with it. Whether it is Kyoto now, Kyoto later, or some other agreement later, there will be an international agreement on climate change and it will require us to limit greenhouse emissions. The later we start, the harder we will have to cut them, and it is already too late to prevent some effects of climate change affecting our children and our grandchildren.

There will be some global warming from the emissions that have already happened, so we need some policies to adapt to it. Even if the minority was right—even if the National Party and ACT were right—and global warming is not the result of human actions, which I do not believe, it would not make any difference. We would still have to adapt to the global warming that is clearly occurring now. Only local government can

do the planning that is needed to deal with the effects of climate change, because it will be a question of local infrastructure and local land use. The details of those climate change effects are still unclear, as is frequently pointed out, but the direction of them is quite clear. We know that sea levels will not fall. We know that they will probably rise. We do not know quite how fast, and when, but it does mean that when planning coastal infrastructure—which is the sort of thing that local government deals with—we need to plan it with that in mind. It is about building in more resilience to all the planning we do, so that it will be more resistant to sudden changes, or even slow changes, in climate, rainfall, and sea levels. It will build in asking the “what if?” question whenever we plan new developments. How will this plan cope if and when the temperature rises, if and when rainfall patterns shift, and if and when new pests and diseases become established. It is a matter of not relying on things just staying the same. That is one of the purposes of the bill. The select committee did not change that, and a majority of the members agreed with it.

The second purpose is to recognise the significance of the development of renewable energy and energy efficiency in trying to adapt to a climate-constrained world. If we want to continue to have a liveable way of life and a successful economy, we need energy. If we are to avoid greenhouse emissions, then we have to get that energy from renewable sources and we have to use it more efficiently. That is the second purpose of the bill. Section 7 of the principal Act is amended so that particular regard has to be had, in planning decisions, to the benefits of renewables and efficiency. So far, that matter has turned in the debate today to a debate about coal. Why should we not just burn coal? We have enormous quantities of it that will last us a very long time. It is right here in the ground in New Zealand. Why do we not just burn coal?

Let me tell the House why we do not just burn coal. There has been a huge public relations exercise going on by Solid Energy New Zealand and by those supporting the coal lobby stating that there is something available called “clean coal”. It is a myth. When one looks into their claims, one sees that it is a myth. There is no doubt that modern technology can reduce the sulphur and the particulate emissions and the oxides of nitrogen from burning coal, and the local air pollution—the sort of smog that really damaged London in the 1950s—does not have to be a part of coal burning these days. But that says nothing at all about its effects on climate change. Carbon in equals carbon out. It is a very simple principle of chemistry. The amount of carbon in the coal will combine in combustion with oxygen, and it has to go somewhere. The ultimate place it goes is up in the atmosphere. That is where it is a greenhouse gas, and that is where it causes global warming. Work has been going on around the world to try to find some way of trapping that carbon dioxide and locking it up for ever. The methods that do that all turn out to be more expensive than the energy itself is worth.

So telling us that sequestering carbon dioxide is just around the corner scientifically is nonsense. Yes, there is ongoing work on it. The principles of thermodynamics tell us that it is very unlikely that we will have a cost-effective way of doing it. If someone comes up with a cost-effective way of doing it, that will be time enough to decide that we no longer need to worry about burning coal. Until somebody does that, we cannot afford to replace the natural gas that we have just lost with coal, which has twice the greenhouse impact for every unit of energy. It would take us so far away from our Kyoto objectives that we would have to give up.

The definition of “renewables” in the bill was something the committee had to spend some time on. The definition as it stood had a number of problems and a number of unclear things about it, and it was decided in the end that simply listing renewable energy sources was the way to go. We also had a considerable debate in the committee about whether geothermal energy should be on that list of renewables. Ultimately, it

may not be renewable. The heat in the ground and the fluids do eventually deplete. Over what time frame should it be renewable? More important even than that, we learned in the committee—and it was news to me and, possibly, to everyone else on the committee—that sometimes geothermal energy can emit more carbon dioxide than a combined-cycle gas power station, and there was no reason for this bill to give a leg-up to geothermal energy that was actually less climate-friendly than gas.

We spent a considerable amount of time dealing with that, but found that, in the end, that matter could be addressed by the regional council under other provisions in the bill. Therefore, it is not given a limitless leg-up, regardless of its carbon-dioxide emissions. It is important that the concept of “renewable” does not override the other environmental effects that energy developments can have. If geothermal developments are going to destroy other geothermal features like geysers and hot pools and are going to affect ground subsidence and so forth, those matters will still have to be considered under the legislation, despite the fact that it is listed as a renewable resource. Hydro developments do not get a free ride, either. It is fine to say that hydro is renewable because water will continue to fall from the sky and run down the valleys. But braided rivers are not renewable. They are not making any more of those, and, therefore, it is still perfectly OK, under the bill, to consider the environmental effects of destroying our largest braided river in order to get hydro energy, which is one of the proposals on the books at the moment.

GERRARD ECKHOFF (ACT): I listened with considerable interest to the Green Party member, as one does in this House, in her reflections on the doom-casters, the prophets of doom. It is interesting to realise that the world has always had people who have predicted the end of the world: “The end of the world’s resources is just around the corner.” I guess the whalers did it 150 years ago, when they thought about what they would use when they ran out of whale oil, for goodness’ sake. Then somebody discovered that foul, black substance that was totally ruining their water wells. The world then decided to get a few people alongside and find some new development—and up it came. They had a fantastic new resource, and I have not the slightest doubt that in years to come—indeed, it is already happening with hydrogen cells, etc.—new energy sources will be found that the world has not even thought of at this time.

In looking at this bill—and I am standing in here for my colleague Mr Ken Shirley, who is on the Local Government and Environment Committee—I wondered about its curious timing. I ask the members of this House whether it could be that there is a major hydro development due somewhere in New Zealand. Oh, my goodness me—there is one on the Waitaki River. Oh dear! Does anybody listening, or any member in this House, really believe that it is just some sort of coincidence that this huge scheme, worth about \$1.2 billion—or probably \$1.5 billion or maybe even \$2 billion by the time it is finished—is due? Does anybody really believe that this amendment bill is not before the House at this time to assist a Government State-owned enterprise, Meridian Energy, to get resource consent to build on that river?

Surely, this bill is all about forcing Project Aqua on to the public of this country, whether or not they like it. I can just see some of the protesters down my way in Otago singing the song: “We don’t believe that we should be on the edge of destruction.” That is what will happen to the Waitaki River, according to the protesters. I will not stand here and say Project Aqua is wrong or right because I do not have the technical detail, but I do know there are 36, or maybe even 38, other sites in New Zealand that would be better utilised before the Waitaki site. There are sites right throughout this country from Hawke’s Bay to Northland where those opportunities could be used to generate renewable energy, but that is not being done. Meridian Energy has decided on the Waitaki River and that project will proceed, with the direct help of this bill. Project

Aqua on the Waitaki River is a foregone conclusion because we are short of energy, and, when it comes to this Government, the environment goes out the window.

It is quite ironic that the Green Party member chairing the select committee—whatever recommendation they make—is on the one hand totally opposed to Project Aqua, I am told, but then on the other hand says: “We will just shut the people down in New Zealand. We will get them not to use energy, and everything will be sweet.” That is just totally and utterly unrealistic.

I agree with my colleague Mr Jim Peters, who gave a very good speech, I thought, justifying the clean use of an old fuel resource—that is, coal. If a country like Germany, which is hugely concerned about environmental standards, can have state-of-the-art coal fire power stations, then surely we can have the same in New Zealand. We have 700 years’ supply of coal—gracious me! Some say it is a thousand years’ supply of coal if we continue to use it at the same rate. But it is horrendous to think we are using up energy to import coal from, I think, Singapore. How much energy are those ships using? How much energy will be used by the jet engine that will power the stand-by generation, at a cost of \$150 million, just in case we might need it?

We would be far better building coal fire power stations. There could be a small one in Otago, I say to Mr Parker, to fuel the energy needs of our growing regions like Wanka and Queenstown. There are millions upon millions of tonnes of high-grade lignite in Otago. Southland has some of the best coal in the world—as has the West Coast—and that option is being totally ignored. Under this bill, those options are being totally ignored.

And there is another one—a thing called nuclear power. Now, I know some members throw their hands up in horror, but I think the public has moved on a lot further than the politicians. I think the hysteria that once was generated around nuclear power—or nuclear weapons, of course—is still there in terms of weapons, but in terms of nuclear power, countries like France are in the vicinity of being 75 to 80 percent reliant on it. It is one of the cleanest fuels, in that sense. With the concerns the Green Party are expressing about carbon dioxide emissions into the atmosphere, nuclear power becomes a very viable alternative. So why will we not at least discuss it? It is not even in the ballpark, and I think that is an absolute shame.

New Zealanders will pay for this policy—not the Government, not the regional councils, but New Zealanders. That is, superannuitants, families, and whoever else will pay the increased cost of electricity—and they are paying today. Many people are upset about the level of increase there has been in just relatively recent times. Not so very long ago while on a plane, by chance I spoke to a representative of Delta Utility Services. I said that it seemed to me the cost of electricity in this country would double within the next 10 years, and he said: “No, it will not. It will treble.” That came from a representative of the electricity lines company, and I think they have some idea about those sorts of cost structures. Electricity costs will probably treble, according to that representative.

So why are we going to impose on ourselves a carbon tax? I am asking a rhetorical question, I guess, but why impose a tax on ourselves when we do not have to? We do not have to impose a carbon tax—in fact, we should never think about doing such a thing, because we will lose a lot of our competitive advantage. Being 1,200 miles away from Australia—just out at the end of the road and not so very far away—and having the European markets and the United States 12,000 miles away, there are high energy costs we will have to pay for. So why would we impose on ourselves an energy tax? This Government is like some sort of energy dominatrix who seems to think that pain and paying more and more for electricity is good for us. I say again that our competitive advantage is the rain that comes out of the sky and the coal that is in the ground. We

must use that advantage.

I finally say to the Greens and to those who believe in this concept they call global warming, that nobody has ever explained what it was that caused global warming when the Vikings raped, pillaged, and plundered their way around the world. They called Greenland "green", because it was green. Grapes grew in the north of Scotland in the time when Robin Hood ran around Sherwood Forest in short pants—in the Middle Ages. Gracious me! Was it ICI synthetic petrol plants and the industrial revolution that caused global warming in those times? Well, my history must be totally skewed. In fact, it was one of the best times, according to historians, for human species on this Earth; it was mild and pleasant. There was global warming back in the Middle Ages. What caused it at that time? The Green Party representative does not choose to answer that. What caused drought in Southland? It is the same thing that causes drought in Otago and everywhere else every 10 or 20 years—just sunspots and a few other physical features.

LARRY BALDOCK (United Future): Anybody who is unsure about whether climate change is occurring around the Earth should just look at our statistics for February. We have already had more rainfall than since, I think, 1934 or 1936, and we are only halfway through the month. What is unclear is what the cause of climate change is, and that is something that is still debated widely by the scientific community. I begin my address on this bill by first of all replying to some of the criticism about our support for this legislation on the basis that we have consistently opposed the ratification of the Kyoto Protocol, yet we are supporting the second reading of this legislation. That is true. We have opposed, and still do oppose, the Kyoto Protocol, and we take considerable heart from the signals from Russia at the moment that it might not ratify, which would spell the end of the bureaucratic nightmare called the Kyoto Protocol. We take heart, as do many business people in this country, and as do many sensible New Zealanders who thought that the "fart tax" was the sort of nonsense that the Kyoto Protocol would generate. We also opposed that tax. New Zealanders will be glad that we will not be tied in with such obligations, which our major trading partners have had the good sense to avoid.

Our opposition to the Kyoto Protocol, however, does not mean that we are opposed to supporting measures that are sensible, that still retain our sovereignty as a nation, and that make reasonable requirements for the reduction in greenhouse gas emissions, and the encouragement of renewable energy. If we look at Australia and the US—our major trading partners and friends—we find that even though they had the good sense to reject the ratification of the Kyoto Protocol, they have not buried their heads in the sand and ignored the possible implications of climate change and the effect of greenhouse gas emissions on climate. No, they have also adopted legislative measures such as this to prepare for some of the potential changes and to mitigate effects.

The bill before us does three things. It removes the requirement for regional councils to consider the effect of greenhouse gas emissions and places that responsibility where it should rest—with central government. Almost all parties have supported this part of the bill. With a country our size, it does not make sense to have so many regulatory bodies deciding on environmental issues along boundaries that create confusion and uncertainty. For example, the Environmental Protection Agency in the US manages to function as a regulator for that entire nation. It is possible here, I believe, for us to limit the amount of regulation required in individual cases. It makes perfect sense for the Government to assume the responsibility for greenhouse gas emissions. Allowing local authorities to take greenhouse gas emissions into account would only serve to add a whole new layer of complexity, cost, delay, and uncertainty to the Resource Management Act.

What has given me the most concern about this bill is the requirement for all persons exercising functions and powers under the Resource Management Act to have particular regard to the effects of climate change. As I mentioned earlier, the science of climate change and global warming is in no way an exact science. There are still many qualified, competent, and sincere scientists who differ widely on what the causes and potential effects of global warming might be. Some of my concerns have been reduced, though, by the discovery that the Resource Management Act already requires this. As most Resource Management Act practitioners would agree, the Act is effects-based legislation, and itself defines the meaning of "effect". In this Act the term "effect" includes: "Any past, present, or future effect and any cumulative effect which arises over time or in combination with other effects."

Local councils are already considering the impacts and effects of climate change, and this bill gives them some direction. At least in part, this bill really only seeks to emphasise the need to consider one particular set of future effects called "climate change effects" that it already—in broad, general terms—required. My concerns were that since there were no guidelines on how councils might interpret the scientific predictions on climate-change effects, we might end up with some very large variations on how councils carried out their responsibilities. That is why United Future inserted a minority view in the select committee's report, urging the Government not only to do what it is promising to do now—to have the Climate Change Office issue some non-statutory guidelines—but, if that leads to confusion, to also follow up with national policy statements that will give even greater clarity to local councils.

The third issue in the bill, which I will address now, is that it seeks to require consideration of resource consents for energy generation on the basis of whether they are renewable sources of energy. Renewable energy means solar, wind, hydro, geothermal, biomass, tidal, wave, and ocean current sources. We had a number of discussions in the select committee about whether geothermal belonged in this list as a renewable source. I think it was splitting hairs to suggest that the heat from the Earth's core will expire in the next few generations and therefore should be excluded from the list. If that were the case, we would also need to exclude solar, because perhaps the Sun will expire one day, and probably then we would have no wind, no moon, and no tides either. But I might be in danger of sounding too gloomy and Armageddon-ish—"woe, woe, the end is nigh!" To the contrary, I believe, as do my United Future colleagues, that this Earth has been designed to provide considerable sources of renewable energy that will be sufficient to meet all of our needs for a long time to come. Clearly, geothermal energy is one of them.

We support encouraging the uptake of renewable energy sources. We believe it is a sensible thing to do. The reason for that is ostensibly to level the playing field between renewable and traditional sources of energy. There is anecdotal evidence to suggest that renewable sources of energy are at a disadvantage in the current resource consent process because of their diffuse nature, which greatly increases the number of affected persons, and therefore potential objectors. For example, gas-powered generation facilities tend to get resource consent far more easily than wind farms because, as far as local residents are concerned, wind farms are big, noisy, and unsightly, whereas gas-powered generation plants are relatively small and quiet. They can be hidden away and do not really come to people's attention on a day-to-day basis. The relative merit of renewables, versus more traditional energy sources, is a highly contentious issue, which I will not get into in great detail here.

The real issue for United Future when deciding whether to support this bill is whether it will skew the electricity market by picking winners, or whether—as the Government argues—it really does level the playing field. We certainly do not want to

end up with New Zealand having to import huge amounts of fuel, such as liquefied natural gas, or utilise some other expensive energy source, when we have hundreds of years' worth of economically accessible coal reserves just sitting here unused. On the face of it, however, this bill does not require local authorities to develop renewables to the complete exclusion of other fuel sources such as coal. It merely allows them to consider renewables and make them a priority if they so choose. Given this relatively moderate approach, the "picking winners" issue may not become a problem.

We do, however, support the comments that have been made earlier by Jim Peters and others that coal is an excellent source of energy for this country, and we believe its use should be promoted. It makes no sense for us to be importing other forms of fossil fuel to the detriment of our balance-of-trade deficit, and other economic issues, when we are sitting on such large reserves of coal. Jeanette Fitzsimons earlier said that it is something of a myth that we will have technology that can burn coal without any effect upon greenhouse gas emissions. I wish to remind her that one day, not so long ago, space travel was considered to be a myth, and it now is an almost everyday occurrence. Technology is being investigated. Major breakthroughs occur almost every day, and we believe it is important that the Government pursues the possibility of using our coal reserves for energy generation.

We are confident that this bill in its current form will add to the sensible use of our resources in this country, and United Future will be supporting it. We look forward to continued debate in the Committee stage.

DAVID PARKER (Labour—Otago): I want to respond to a couple of the comments Mr Eckhoff made. Listening to him, we would think this bill banned the burning of coal for power generation. It does not do that. Listening to Mr Eckhoff, we would think it banned the building of nuclear energy plants. It does not do that. What it does do is make it easier to get consents for renewable energy projects.

But what it does not do, in terms of renewable energy projects, is apply to Project Aqua. So I am afraid that Mr Eckhoff has three out of three incorrect—he is completely wrong on each one of them. The transitional provisions of this bill make it absolutely explicit that this bill does not apply where resource consent applications have already been filed. The Project Aqua consent applications have been filed and the legislation does not apply to them. We checked on that at the Local Government and Environment Committee and it was confirmed.

The select committee did some other things to the legislation that I think improve it. We simplified the definition of "renewable energy", and we simplified a couple of other provisions. But I reinforce that this bill does not ban the burning of coal for power generation or for other purposes, and neither does it ban nuclear power—not that I favour that form of energy. The bill does encourage renewables, and it does not apply to Project Aqua.

SHANE ARDERN (National—Taranaki - King Country): I rise to speak in opposition to the Resource Management (Energy and Climate Change) Amendment Bill for a range of reasons. But before I start on those, I want to say that one of the things we learn when we are in Opposition is that if we have to get up and speak on a bill about something we do not know a lot about, then we should at least try to be entertaining. What we had from both the speaker from United Future and the member for Otago—soon to be the former member for Otago—was not just non-entertaining contributions but very silly contributions. One member said: "We are going to vote in favour, but we oppose almost everything that is in it," and the other member challenged one of the previous speakers in the House on a range of issues, but gave no explanation as to why he thought the way he did.

This bill has come about as a result of socialist Governments believing they can even

interfere with what happens with the climate. A Prime Minister who knows she is about to expire, politically speaking, goes overseas, stands on a world stage, and tries to find her post - prime ministerial job by signing up to ratify the Kyoto Protocol before our trading partners do, thus getting herself into a bind whereby she has to come back to New Zealand and come up with a mad, half-baked idea in legislation that will achieve none of the Government's objectives. The Government had an opportunity, through the reforms to the Resource Management Act, to achieve most of what it wants to achieve in this bill, but it completely ignored it. It did nothing. There were 12 recommended changes to the Resource Management Act in the Owen McShane report, and the Government put a red pen through the whole lot. It would not adopt any of them.

So what will this bill do? It will load on to local authorities the extra cost of consultants and a range of other experts who will be pulled in, with no clarity whatsoever as to what they are trying to do, because in everything that local authorities do now, when it comes to issuing consent for whatever, they have to take into account climate change. So what does it mean? Why does a Minister not actually stand up and explain to us in simple terms what each local authority in New Zealand—there are something like 92 when we add up the regional authorities and territorial authorities—will have to do when it comes to taking account of this legislation? They will not know. There will be huge ambiguity. They will be employing consultants and lawyers to try to wade through it, and they will not be able to come up with a solution.

It is another form of carbon tax, and is just like the stupid proposal to introduce the "fart tax". It is as mad as that and it should be voted out. That tax was pretty mad. New Zealanders saw that and walked away from it, and the Government was forced to back down on it. This bill is almost in the same camp. If we go through each section of what is proposed, we find out that it is about nothing more than adding a cost, with absolutely no possible positive outcome to business in New Zealand. It is just another cost on all small businesses.

If there are no clear rules, and if there are no clear guidelines as to what regional and local government have to do, how are they supposed to know? That is a simple question that I know the academics on the other side of the House would never want to answer, because to them white can be many shades of black, and vice versa. To me, it is either black or white—it is that simple.

Why does one of the members on the other side not take a call and explain to us why they think ratifying the Kyoto Protocol in the first place, then introducing this legislation, will actually bring about the outcome they want? How will it enhance renewable energy development? How will it do that? We had a situation recently where a hydroelectric station proposed for the South Island—in Card Creek, with the Dobson dam—was turned down by a Minister on environmental grounds. That renewable energy source would have gone on generating electricity for years and years, but it was turned down in the middle of an energy crisis. Now the Government has got it into its head that it needs to come up with some emergency generation, and it is going to fire it with coal. How is that consistent with this legislation? How will the Government replace the Maui gasfield when it expires? It has been one of our major sources of energy over a number of years. What work is being done to find out how we will replace, with renewable energy, the energy that has been sourced from the Maui gasfield?

This legislation acts as a total deterrent to any energy company that wants to develop gasfields, or oil, or coal. It is an absolute deterrent. Those companies will pick up this legislation and say that this Government does not want their foreign investment here, that it does not want them in this country exploring options as far as energy goes, and that it is going to make it hugely difficult, both through the Resource Management Act

and through this piece of legislation, for them to achieve that goal. So why does the Government not take account of that? Why does it not say to those people overseas that it understands that they have one or two problems, some of which are generated by Government regulation, and that it will smooth the path so that they can invest the millions of dollars that are required by high-risk exploration for new energy sources? Why does the Government not do that? There is no answer from the other side. The reality is it does not have an answer.

The Government has made a big mistake by ratifying the Kyoto Protocol. It is time it admitted that was wrong, and it is time it addressed that issue and came up with something that would be meaningful with regard to climate change. But, no, that would be asking for leadership from a Government that has no leadership, is on the rocks, and is about to expire.

There has been a lot of talk up and down New Zealand about the discharge of greenhouse gases, but nobody has been able to identify clearly exactly what is meant, exactly what will be done about it, and exactly how that outcome will be achieved. Nobody has been able to do that. Scientists around the world have argued about it. There is a huge amount of debate about what actually constitutes a greenhouse gas, and what does not. When we start muddling around with this type of legislation—and I notice that both the ACT and National parties put in a minority report on this legislation, outlining a lot of this nonsense—we have to ask ourselves—[*Interruption*]

Well, when we hear that member over there, the senior Government whip, Mr Benson-Pope, roaring away like a walrus, we have to ask ourselves what that member actually knows about climate change. Obviously, when we look at this legislation, we can see that he knows absolutely nothing about climate change; otherwise, he would stand up and make a contribution, and tell us what he knows about greenhouse gas emission. The reality is he knows nothing.

What would that member know about renewable energy? Is hydroelectricity not a renewable source of energy? It is raining on the West Coast at the moment—if the member had not noticed. If that dam had been allowed to be built, it would be full. It would be spilling water, in fact, the turbine would be going full bore, and there would be a continual flow of renewable energy at a low cost, with environmentally sound future generating capacity. But instead of accepting that, the member sits there, makes silly noises about other members' contributions, makes no contribution himself, and presides over this legislation, which is an absolute cost to those types of development. It will not achieve the outcomes it sets out to achieve, it does absolutely nothing in terms of finding ways to produce renewable energy, and it does nothing to assist local authorities in their roles. It just makes their lives more difficult. All it does is fund people whom that member would be opposed to—lawyers, consultants. It is a "buy a new Mercedes for the consultants" piece of legislation if ever there was one. Why does that member not take a call and talk about those issues—

Sandra Goudie: Because he doesn't understand it.

SHANE ARDERN: That is absolutely right. We need to fix the Resource Management Act. It needs to go through a major reform process. We need to bring in clear guidelines as to what local government is meant to do with regard to this issue, and we need to get rid of this socialist Government to achieve it.

Hon TAITO PHILLIP FIELD (Minister of State): I think most New Zealanders understand the importance of environmental issues and the importance of meeting our obligations as a signatory to the Kyoto Protocol. It is important that we acknowledge the damage that has been done to our environment in relation to climate change from carbon dioxide emissions, and I give enormous credit to the Government for this bill, which confirms our efforts to reduce the greenhouse effect and climate change on this

region and on the world. I support this bill.

Hon DAVID CARTER (National): Can I take the opportunity of assuring the Labour member, Taito Phillip Field, that most New Zealanders do not understand our commitments to the Kyoto Protocol. I think it is amazing that we are standing here tonight, debating the Resource Management (Energy and Climate Change) Amendment Bill on the very evening that the lower half of the North Island has experienced the most severe flooding in living memory. Farmers have lost livestock, buildings, and fences. Their very livelihoods have been destroyed. One hears scientists all around the world saying that the sorts of events we have witnessed over the last 24 hours here in New Zealand are occurring because the climate is changing.

It is interesting to note that when the east coast of the North and South Islands experienced drought conditions through the latter part of this summer, the same scientists again said that that was because of climate change. As a politician I am not sure about this climate change story. I read a huge amount of information about it. We now have credible scientists on both sides of the fence.

David Benson-Pope: That's not right.

Hon DAVID CARTER: That man ought to study some literature, and he would find that some very—

David Benson-Pope: You should study some—

Hon DAVID CARTER: I tell Mr Benson-Pope that he should do more than read comics. He would find that some very credible scientists are saying they are no longer sure of climate change and its effect.

But regardless of that, what we have seen is that New Zealand has accepted the word of some self-appointed experts in this regard, and has rushed headlong, and as fast as anybody else in the Southern Hemisphere, into ratifying the Kyoto Protocol. In fact, I can think of no other country in the Southern Hemisphere that has ratified the protocol and has a commitment to reducing emissions. It is certainly not Australia, our major trading partner; certainly not the United States of America, our next major trading partner; and certainly not countries such as Singapore, a country that is now wealthier on a per capita basis than New Zealand is—it was only in 1964 that we used to give foreign aid to countries such as Singapore—and certainly not a country such as China, which is perhaps one of the most significant emitters of greenhouse gases today. Those four countries I have just named do not have any commitments at all as New Zealand rushes headlong into its commitment to ratify the Kyoto Protocol.

As we move towards the next general election one has to place some credence on the arguments advanced as we approached the last election, that Helen Clark was very keen to ratify the Kyoto Protocol. In fact, she had planned to ratify the protocol on the world stage in September 2002, at an international conference, so that she could get maximum exposure to the world. I do not know whether she is already looking for her new job. I suspect she is. There is a suggestion that she has her eye on the job of Secretary-General to the United Nations when Mr Kofi Annan retires. But if that was her reasoning for rushing New Zealand headlong into a commitment to the protocol, then I think she may well have done this country a huge disservice.

I think back to 2001 in this House, and during question time over a period of about a couple of weeks, when Helen Clark regularly promised that she had a programme to lift the economic growth of this country back into the top half of the OECD within 10 years. I noticed that one or two Labour members acknowledged that that was her statement to this House. Then, very quickly, when she realised how hard it was to deliver the sort of economic growth to New Zealand that was required to lift us back into the top half of the OECD, she abandoned that target completely.

As we debate the Resource Management (Energy and Climate Change) Amendment

Bill I ask members to keep those comments in mind. I suspect that this is the sort of legislation that will create more compliance costs for our regional councils, as they are now expected to consider emissions under greenhouse gas policies when granting resource consents.

The most interesting comment I heard tonight in the debate was from Mr Baldock of United Future. He stood before this House and gave a 10-minute speech, stating that United Future continued to oppose New Zealand's ratification of the Kyoto Protocol, yet it would vote for this legislation. That is exactly what the United Future member said. That is exactly United Future's policy. United Future opposes New Zealand's ratification of the Kyoto Protocol, but tonight in the House the United Future member said it will vote for this particular legislation, which is part of a package of legislative measures being advanced through Parliament, because New Zealand has ratified the protocol.

Stephen Franks: So talk is free and votes are for sale!

Hon DAVID CARTER: Well, that could be the case. But I just ask members to reflect on the logic of somebody coming to the House tonight to say that he or she opposes the principles behind the legislation, yet intends to vote for it.

This bill is just political correctness gone mad. It is legislation that is difficult for business to comply with. That is why the great raft of submissions before the select committee were from people who had an interest in this legislation, because they are the ones who will bear the brunt of it. We recently had a press release from Don Elder, the Chief Executive Officer of Solid Energy, pointing out that as we face another year—another winter—when this country may well be short of energy, there is a solution on the West Coast. Various estimates suggest that the coal resources there would be enough for this country's energy requirements for 800 years. But this legislation simply eliminates the possibility of New Zealand considering the use of that energy.

We have had two energy crises since the Labour Government has been in power. There have been no attempts at all by the Government to address those crises. It has a "hope and pray" attitude as to whether the lake reserves will be enough to get us through the next winter. That is not what governance is all about. This country will require more energy. The economy, as noted in an interjection earlier from Mr Benson-Pope, has grown quite well over the past 4 years. That growth means the energy requirements of the country have also continued to grow. We know of only one major project on the books—Project Aqua—and that is the only project that will make a significant difference to energy generation in this country over the foreseeable future.

Sandra Goudie: The Dobson Dam facility.

Hon DAVID CARTER: Yes, as Sandra Goudie correctly suggests, there is the Dobson Dam facility, but that has been stopped by the Minister of Conservation, Chris Carter, who does not want to see the destruction of another plot of gorse and broom.

I oppose this bill, for a raft of reasons as outlined tonight. The most important of those reasons is that, again, this legislation does absolutely nothing to advance the long-term growth rate of this country. The bill does nothing to deliver aspirations to many, many New Zealanders. It may be about Helen Clark looking for her next job in the United Nations, because, God help us, she certainly knows she needs it.

A party vote was called for on the question, *That the Resource Management (Energy and Climate Change) Amendment Bill be now read a second time.*

New Zealand Labour 52; Green Party 9; United Future 8; Progressive 2.

Ayes 71

Noes 47

New Zealand National 26; New Zealand First 13; ACT New Zealand 7; Independent: Awatere Huata.

Bill read a second time.