

**BEFORE THE BOARD OF INQUIRY**

**IN THE MATTER** of the Resource Management Act  
1991

**AND**

**IN THE MATTER** of the Proposed National Policy  
Statement on Renewable Electricity  
Generation (section 49 of the act)

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**STATEMENT IN SUPPORT OF SUBMISSION  
FEDERATED FARMERS OF NEW ZEALAND**

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Introduction

1. My name is Phil York. I am the national spokesman for Federated Farmers on electricity matters. With me is Richard Gardner, a senior policy advisor with the Federation.

Federated Farmers opposes the National Policy Statement

2. Federated Farmers generally does not support the establishment of National Policy Statements. In our view, National Policy Statements should be limited to matters that can be shown to apply equally to all local authority environments. Such is not the case for renewable energy projects.
3. Once an NPS is finalised, local authorities must give effect to it, both in their existing local authority plans and in any resource consent decisions they make. The RMA was set up to provide for local guidance to ensure that local authorities are able to take into account any relevant implications for their particular territory or region. This local input aspect is particularly important in the case of renewable energy projects, which have varying effects according to differences in the areas in which they might be proposed. We think that to override this local guidance aspect by means of an NPS would be imprudent.
4. So, we believe it is inappropriate to provide overarching direction, through use of an NPS, on renewable energy projects.

5. Federated Farmers is also concerned that the Proposed NPS directs local authorities to give excessive recognition to renewable energy sources as a nationally significant activity. Accordingly, we are concerned about the implication of the NPS that the issue of renewable energy sources should be raised to one of national significance, particularly because this will come at a cost to the use of other valued natural and physical resources.

#### The NPS is Inappropriate and Unnecessary

6. We think the NPS is inappropriate and unnecessary. The RMA process has over time provided guidance on the issue of renewable energy through Environment Court and other decisions. And yet there is nothing in the Proposed NPS to give guidance to local authorities who will be required to implement its objectives and policies. There is no direction as to how to balance the “national interest” in an application that has been proposed against relevant local interests and private interests, which policy statements and plans are required to provide for. Rather, the NPS seeks to elevate renewable energy projects to a level of “national significance”. with seemingly little regard for the balancing decisions that local authorities must make on resource management matters.
7. Further, Federated Farmers considers that there is already adequate provision for the “national interest” to be taken into account. Part II of the Resource Management Act is of general applicability, both in situations where there is a “national interest” component and situations where there is not. It is not necessary to issue an NPS on the matter of renewable energy in order for the national interest to be considered under Part II of the Act. Already, section 7(j) of the RMA directs local authorities to have particular regard to “the benefits to be derived from renewable energy”. Thus, the balance to be achieved between the national interest and local and private interests, in the Resource Management Act as it currently exists, is already well provided for.

#### Property Rights and Compensation

8. Federated Farmers considers that the proposed NPS will take away private property rights. We think that, without there being a rigorous process in place to ensure that landowners are compensated fairly for private property interests, the

NPS should not go forward.

9. Overall we think the NPS pays insufficient attention to private property rights, and the legitimate expectations of the owners of private land in areas that might be affected by it. Federated Farmers is strongly opposed to any diminution of property rights without proper compensation being paid. We think it is extremely important for instruments that derive from the RMA to provide sufficient by way of checks and balances to ensure that they work for everyone's benefit.
10. The electricity produced at sites where renewable energy is available needs to be conveyed to the areas in which it is used, by way of transmission lines. These transmission lines, much like any infrastructure, have an injurious affect on the land they occupy, and they also have an impact on the surrounding land through the imposition of reverse sensitivity type effects.
11. Federated Farmers is particularly concerned that the NPS makes no mention of how the electricity generated on a particular site is to be conveyed to where it is able to be used. Federated Farmers' experience in such projects is that the transmission aspects of renewable energy projects are provided for by way of the compulsory taking of an easement interest in the relevant land under the Public Works Act. In other words, the private gains to be made by electricity generators who establish renewable energy projects are made at a cost to the private individuals across whose land that electricity needs to be conveyed, purportedly in the national interest.
12. We think that the requirement to compensate private interests so affected for the private property rights taken in the national interest are grossly inadequate. We are particularly galled that neither the NPS itself, nor the process under which it is established, examines the compensation aspect. In our view this is contrary to the provisions in the Public Works Act that specify compensation measures. Without a rigorous process being in place to ensure that landowners are compensated fairly for private property interests taken, the NPS should not go forward.
13. Where these effects cannot be minimised the landowner ought to be fully compensated for the burden that transmission infrastructure places on them and their land. As things stand at present, the outcome by way of compensation for

renewable energy projects is that people with generation facilities on their land are well compensated for the burden the facilities place on them and their land, usually by way of a generous annual payment, while those with transmission facilities on their land, which arguably places a greater burden on the land owner, are eligible to receive only a modest lump sum payment.

### Competing Uses

14. Federated Farmers is concerned, in general terms, that because the NPS places more emphasis on renewable energy projects, the balance in the competition for resources will be shifted in a way that may not be economically efficient. By way of example, if the NPS results in more water being allocated to hydro projects, that means less water will be available to irrigation. At any given time, and in any given situation, it might be far better for the country as a whole for water to be allocated to irrigation. and the country's electricity needs met from alternative sources.
15. In our view, it is impossible for an NPS to provide adequate direction on such a major issue. Rather, these judgments should be left to local authorities, to be made on a case by case basis. Federated Farmers considers that the matter of competing uses provides a good example of the varying circumstances for which an NPS cannot provide blanket direction.
16. We suspect there are also many other competing uses for the resources that the NPS directs should be allocated to electricity generation, which should be considered.
17. In this context, we note that the new government has removed the ban that the previous government imposed on generating base load electricity from thermal sources. The matter is discussed in section 2.19 of our submission.
18. In the submission, we state that, although we don't endorse the Emissions Trading Scheme in the form it had at the time, we believe that the scheme, together with the ban on thermal generation, already provided sufficient incentive for the renewables sector. Although the ban on thermal generation has been lifted, Federated Farmers stands by that submission. If it goes ahead, the Emissions Trading Scheme in whatever form it takes, is likely to result in a price being set for

the cost of carbon emissions, which will alter the balance between non-renewable electricity generation and renewable electricity generation in favour of renewable electricity generation. We think this alone would be sufficient to provide an adequate incentive for the renewables sector.

#### Policy 5 - Supporting small and community-scale renewable electricity generation

19. Despite our opposition to the NPS as a whole, Federated Farmers supports small and community scale projects. However, we do not consider that an NPS is the best way to provide for them.
20. Federated Farmers recognises that benefits exist for some small and community scale renewable electricity generation. Some of our members are currently developing small scale projects that are of benefit to them personally, and in many cases to the community. We are supportive of these projects, and consider that the RMA process is adequate to provide for them properly as it stands. It empowers local authorities to consider the local issues that are relevant to such applications properly. In the circumstances, overarching direction from central government seems an inappropriate way to give particular weight to particular aspects of such projects.

#### Conclusion

21. Federated Farmers does not support the establishment of a National Policy Statement on Renewable Electricity Generation. National Policy Statements should be limited to matters that can be shown to have an equal applicability to all local authority environments, which is not the case for renewable energy projects.
22. The NPS is inappropriate and unnecessary, and pays insufficient attention to the private property rights of land owners across whose land transmission lines from generators making use of renewable energy sources must necessarily pass. We are concerned that the NPS will cause the balance in the competition for resources to be shifted in a way that may not be economically efficient.
23. Nevertheless, we want to indicate that we support small and community scale projects, although we consider that an NPS is not the best way to provide for them

24. We want the Board of Inquiry to recommend to the Minister that not proceed with the Proposed NPS.

Phil York  
23 June 2009