

From: [Nick Bryan](#)
To: [Mailroom Mailbox](#)
Cc: [Steven Perdia](#); [Tom Hooper](#)
Subject: Submission: Proposed Canterbury Air Regional Plan
Date: Tuesday, 21 April 2015 11:58:28 a.m.
Attachments: [Final submission -ECan Proposed Air Plan plan - April 2015.pdf](#)

Dear Commissioners,

Please find attached a submission from Canterbury Development Corporation (CDC) on the Proposed Canterbury Air Regional Plan.

Can you please acknowledge that the submission has been received?

Regards,
Nick Bryan



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17 April 2015

Freepost 1201
The Proposed Canterbury Air Regional Plan
Environment Canterbury
PO Box 345
Christchurch 8140

Dear Commissioners,

Re: SUBMISSION - ENVIRONMENT CANTERBURY PROPOSED CANTERBURY AIR REGIONAL PLAN 2015

Thank you for providing the opportunity to submit on the Proposed Canterbury Air Regional Plan. This submission is from the Canterbury Development Corporation (CDC). CDC has no advantage to gain in trade competition through making this submission.

As you will be aware CDC develops the economic development strategy for Christchurch City (CEDS) and supports businesses and business growth in Christchurch.

The Christchurch Economic Development Strategy (CEDS) identifies eight activities that keep the city competitive with other cities. In an increasingly open global market, competitiveness should not just be thought of in the context of other New Zealand urban centres but at least in the Australasian context if not wider.

One of the CEDS requirements for competitiveness is to “ensure the regulatory environment and process is as easy as possible to engage with”.

CEDS also identifies key sector development as a key aspect of competitiveness. The growth sectors for Christchurch identified in CEDS that are most likely to be affected by the regulations in the proposed air plan are: “Technology; Health; and High Value-Added Manufacturing”.

As recognised in CEDS, our guiding strategy, **CDC has an interest in ensuring the regulatory environment is appropriate to support business activity as far as possible whilst delivering resource management standards. This principle forms the basis of the contents of this submission.**

CDC lodges the following submission points:

Section in the plan to which the submission point relates:	Submission points
1 - Introduction (p1-1) <i>and throughout the plan by inference</i>	<p>CDC supports the Councils stated objective to seek to deliver regulation that “provides for industrial and economic growth in appropriate areas”.</p> <p>We seek that clarification is added to the plan to make it explicit that the interpretation of the word “appropriate” in this objective is not constrained to only take into account air quality impacts, but also make due consideration of the need to provide for established and new industries to operate within urban areas due to access to utilities, reticulated services and location/attraction of employees.</p>
2 - The statutory planning framework (p1-7)	<p>It is stated that the Air Plan gives effect to the Canterbury RPS because it: <i>“provides a framework for industry offsets”</i>. CDC submits that the plan does not go far enough to develop an industry offsets framework.</p> <p>The plan only reiterates the statutory requirement under the Resource Management (National Environmental Standards for Air Quality) Regulations 2004 (NESAQ) that the Council is required to implement. This is simply referred to in Policy 6.22, with the only difference being the policy extends the requirements from airsheds to clean air zones.</p> <p>We note that the RPS states that <i>“The Canterbury Regional Council will In consultation with industry, Ngāi Tahu as tāngata whenua, territorial authorities and other interested parties, develop a framework for managing industry offsets in terms of the National Environmental Standard for Air Quality, and if appropriate, initiate a plan change.”</i></p> <p>The requirement for industry offsets will create an additional hurdle for some businesses and public organisations that want to develop operations in the region. It will also create a windfall asset for those currently emitting (or possibly just with a consent to discharge) in that their consents will now have a potential capital value as well as supporting operational activity. This new value will create a new market.</p> <p>We believe that the regional council needs to consider how it can support consent applicants in delivering on this aspect of the NESAQ in a way that also supports Councils consenting processes and wider goals relating to air quality, and that this would then constitute a true framework for managing industry offsets.</p> <p>We suggest the following elements need to be considered:</p>

- Establishment of council brokered offset programmes.

This could for example be delivered through the non-regulatory programmes listed in the introduction to the plan. The *“Warm homes/clean air - in home initiatives”* for example, states that it *“may include encouraging households to move away from wood burners”*.

A register could be kept for businesses that could consider reducing their own emissions of PM₁₀. ECan can then connect them with consent applicants to negotiate the transfer to implement the offset requirement.

We note that the 2011 Users’ Guide to the revised National Environmental Standards for Air Quality (on page 80) confirms that any party can implement the offsets including the regional council and believe there could be significant efficiencies in having a coordinated approach. We believe ECan is best placed to fulfil this role as the regulatory authority. Brokering activities could be established as a cost recoverable programme so that consent applicants cover some or all of the costs.

- Production of airshed specific guidance for businesses on how to meet offset requirements. This guidance would provide a level of detail around potential offset approaches that is not provided in the 2011 Users’ Guide to the revised National Environmental Standards for Air Quality.

We would suggest this be addressed by preparing an additional schedule to the plan, so that all information on the regulations is integrated and available in one place. Guidance will be particularly important if Council is not going to provide a programme to assist with the brokering of offsets as suggested above.

- Considerations regarding the creation of windfall value and a new market that will emerge for PM₁₀ credits.

The offsets policy has effectively put in place a “cap and trade” model for PM₁₀ emissions, capping the amount within each of the airsheds to current activities. This will create a tangible asset for company balance sheets that are already consented or are operating large vehicle fleets in the airshed and provide a one-off opportunity for home owners with a solid fuel burner to ‘sell their fire’.

We have already suggested that ECan could manage brokering in relation of these new assets through a support programme. Another option may be to establish a more formal trade platform, such as an online auction. Different options will have pros and cons in terms of

public good outcomes, maximising market value of these assets and the extent and speed at which air quality improvements are achieved.

By way of example on how this market may impact on air quality outcomes. The value of some of these assets (e.g. historic buildings solid fuel heating) is likely to accumulate over time as the cap reduces and other asset owners have sold (producing a smaller supply pool). This may provide a disincentive to sell them early and may slow down improvements in air quality. However consent holders will have an asset that is depreciating as the remaining length of the consent diminishes so may want to act quickly. This could be leveraged to achieve industrial growth and clean air goals simultaneously.

- Guidance for consent applicants on how the regional council will process consent applications that require offsets. In particular information is needed on how the Council will consider the “*principles to consider when looking for potential offsets*” as outlined in the 2011 Users’ Guide to the revised National Environmental Standards for Air Quality (page 77).

These principles, that “*for an offset to be viable it needs to be: real; enforceable; calculated using long-term emission rates; located in the polluted airshed; greater than any decreases that would otherwise occur during the period of the consent; reduce emissions in the airshed by a greater amount than the new consent; and certain to be in effect for the duration of the consent*” raise a number of challenges not only for consent applicants, but also in order to understand the market impacts outlined above. The following points raise issues related to some of these principles that require specific guidance by way of example:

- ❖ How will council determine that an offset is real? For example: will a consent to discharge that is not currently being utilised be able to be used as an offset? How will the council determine that a domestic solid fuel burner is in active use?
- ❖ How will council enforce reductions across different categories of activity that offer viable offsets? In Christchurch this will be primarily home heating, existing large discharges and land transport, each of which will require a different approach.
- ❖ How will certainty be assessed and what are the monitoring implications? Will council be checking that the effects of the offsets remain in the airshed over the period of each consent? (e.g. if managed through transportation reductions how will vehicle use in the airshed as opposed to the wider network be assessed) Who will pay for any monitoring?

3 - Definitions and Interpretation (p2-1)	CDC supports the definition of “Best practicable option” . In particular the inclusion of financial implications to ensure that options, that may provide best environmental outcomes, are not considered practicable if they are not financially viable for private industry or public bodies seeking resource consent.
4 - Central Policy 6.7 (p6-1)	<p>The way this policy is worded is unclear. It can be interpreted that either a new land use activity, or an existing land use activity, giving rise to a discharge could be required to reduce the effects or relocate if either one is significantly adversely affected by the discharge from the other.</p> <p><u>CDC submits that this is not consistent with Policy 14.3.5 of the Canterbury RPS</u> which states <i>“to avoid encroachment of new development on existing activities discharging to air where the new development is sensitive to those discharges, unless any reverse sensitivity effects of the new development can be avoided or mitigated.”</i></p> <p>This clearly states that protection from reverse sensitivity should favour activities that are already in existence. Therefore the wording should be amended to clarify that new activities will be expected to be good neighbours and not that existing land uses will be expected to reduce effects or relocate should a new activity be consented nearby that is sensitive to its activities.</p> <p>CDC seeks that the wording be amended to read: Where, as a result of authorised land use change, land use activities that are already established within the neighbourhood are significantly adversely affected by a discharge into the air from the new land use, it is anticipated that within a defined time frame the new activity giving rise to the discharge will reduce effects or relocate.</p>
5 - Central Policy 6.8 (p6-1)	CDC supports this policy . This is a pragmatic approach that we believe has the potential to incentivise the locating of new activities that discharge into air to locate in areas that will minimise the risk of reverse sensitivity impacts in the future and give greater certainty for those investing in new industry in the region.
6 - Central Policy 6.10 (p6-1)	CDC supports this policy given the definition of best practicable option . (Refer to row 3 above.)
7 - Industrial and large scale discharges to air Policy 6.22 (p6-2)	CDC seeks that this policy be amended to limit the scope of the requirement to polluted airsheds , as required by the Resource Management (National Environmental Standards for Air Quality) Regulations 2004, <u>removing the extension of the requirements to clean air zones</u> .

	<p>CDC believes that the policy as written is unjustified and has the potential to discourage investment in new commerce and industry in the region unnecessarily, making the urban centres in the region less competitive compared with other regions in New Zealand that do not extend their policies beyond the National (NESAQ) regulatory requirements.</p> <p>The rationale for making this requirement more punitive in Canterbury than the NESAQ is not clear. The section 32 report states on page 4-62 that <i>“The plan provisions incorporate the implementation of a Clean Air Zone boundary around each airshed to manage the effect of discharges on the airshed.”</i> However, the NESAQ already requires industry to offset any impacts within an airshed, even if it is located outside of the airshed (or the clean air zone for that matter). Therefore, the requirement to offset all emissions in the clean air zone is not needed to achieve the desired outcome (bolded above) from Section 32 report.</p> <p>We believe this policy is also inconsistent with the stated objective for the plan outlined in the introductory section. (Refer to submission points in row 1 above).</p>
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CDC does not wish to be heard in support of this submission.

Yours sincerely,



Steven Perdia
Strategy & Planning Manager
Canterbury Development Corporation

For clarification relating to this submission please contact Nick Bryan - nick.bryan@cdc.org.nz