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AMENDMENTS TO THE NATIONAL ENVIRONMENTAL STANDARDS FOR AIR QUALITY

SUBMISSION TO THE MINISTRY FOR THE ENVIRONMENT

9 JULY 2010

BACKGROUND

The Institution of Professional Engineers New Zealand (IPENZ) is the lead national professional body representing the engineering profession in New Zealand. It has approximately 11,500 Members, including a cross-section from engineering students, to practising engineers, to senior Members in positions of responsibility in business. IPENZ is non-aligned and seeks to contribute to the community in matters of national interest giving a learned view on important issues, independent of any commercial interest.

EXECUTIVE SUMMARY

IPENZ supports the targeted nature of this review and the three policy objectives presented in the discussion document, particularly the objective to “support the protection of public health and the environment by providing a bottom-line standard that must not be breached”.

IPENZ supports aspects of the preferred options (Options 4a and 4b) but does not support either option in its entirety.

IPENZ has concerns regarding offsets. IPENZ is concerned that industry is being made to take responsibility for PM₁₀ that is outside its control. This creates inequity, which IPENZ notes was something this review process was seeking to overcome.

IPENZ also has concerns regarding the removal of all industry consents restrictions as it considers that after 2018 regional councils should have to decline resource consent applications that would cause the airshed to become a non-complying airshed. IPENZ thus recommends that regional councils be encouraged to ensure that by 2018 their regional plan has a provision to enable this.

Finally, IPENZ recommends that public education be undertaken as a priority. IPENZ considers that the reducing the social and health costs of PM₁₀ and maximising the number of compliant airsheds should be sufficient drivers for undertaking this education.

SUBMISSION

This submission is structured according to the template in the discussion document.

PROBLEM DEFINITION

1. Have the main problems been defined accurately?

IPENZ notes the problems identified in the discussion document, these being the perceived stringency of the PM₁₀ standard, equity of the current regulations and compliance with the PM₁₀ standard by 2013. IPENZ considers that the problems have been identified accurately.

IPENZ supports the targeted nature of this review of the National Environment Standards for Air Quality (NES).

2. Are there other problems you can think of that need to be addressed as a priority?

IPENZ has no comment in relation to this question.

3. Do you agree with the policy objectives?

IPENZ notes and supports the policy objectives listed on page 18 of the discussion document. IPENZ considers that the second objective to “support the protection of public health and the environment by providing a bottom-line standard that must not be breached” is the most important policy objective as this is the whole basis for the NES. IPENZ considers that this objective should have been given more prominence in the discussion document and should have been a stronger theme throughout the discussion document.

4. Do air quality standards materially influence industry investment decisions and regional location decisions?

Where companies establish themselves is a complex decision. IPENZ considers it possible that companies may seek to establish themselves in airsheds that comply with the NES. However, this decision will be dependent on other factors such as location, proximity to required infrastructure, transport costs, cost of production and the ability to obtain the resources they require.

WHAT ARE THE OPTIONS?

5. Have the options achieved the policy objectives?

IPENZ considers that to some extent both Options 4a and 4b fulfil the three policy objectives of providing greater certainty for industry, supporting the protection of public health and providing greater certainty in resource consent decision making.

6. Have the options addressed the identified problems?

IPENZ considers that the options do generally address the problems of stringency of the PM₁₀ standard, equity and compliance by 2013.

The only area where the options do not fully address these problems is in relation to offsets. Under the amendments, new industries in a non-compliant airshed will have to undertake offsets and these offsets can include converting home heating sources. Industry is not responsible for emissions from home heating or transport and being required to undertake offsetting creates inequity.

7. What preferred option do you think should be considered?

IPENZ notes that the two preferred options, Options 4a and 4b, are essentially the same with the difference being that Option 4a requires mandatory offsets for new industry consents in breaching airsheds after 2018 while Option 4b removes industry resource consent restrictions.

IPENZ supports aspects of Option 4a and aspects of Option 4b but neither option in its entirety. IPENZ supports the following proposed amendments, which are part of both Options 4a and 4b.

- Increasing the permitted number of exceedance of the PM₁₀ standard from one to three exceedances per year.
- Excluding exceptional events from counting as exceedances of the PM₁₀ standard.
- Extending the timeline for compliance to 2018.
- Introducing mandatory reporting of PM₁₀ monitoring data.
- Using existing ministerial powers under the Resource Management Act 1991 (section 27).
- Establishing an air quality compliance strategy.

As noted in our response to Question 6, IPENZ has some concerns regarding offsets. In particular, IPENZ considers it unfair that industry be made to take responsibility for PM₁₀ emissions that it has no control over. Thus, IPENZ does not support all aspects of Option 4a.

IPENZ also has concerns regarding the removal of all industry consent restrictions, which is part of Option 4b. IPENZ notes that page 21 of the discussion document states that removing all industry consent restrictions would remove the “blanket prohibition on any consent after 2013 in polluted airsheds”. As stated in our response to Question 3, IPENZ considers that the protection of public health and environment is the most important policy objective. Thus, IPENZ considers it important that after 2018 all regional councils decline resource consent applications where the PM₁₀ emissions associated with the resource consent application would cause the airshed to become a non-complying airsheds. For this reason, IPENZ does not support all aspects of Option 4b.

IPENZ recommends that the supported amendments bulleted above be undertaken now. These amendments will encourage regional and central government to do all they can between now and 2018 to reduce PM₁₀ emissions.

IPENZ recommends that regional councils be encouraged to ensure that by 2018 their regional plans have a provision that the council must decline a resource consent application where the PM₁₀ associated with that application would cause the airshed to become non-complying.

IPENZ also recommends that further public education be undertaken as a priority. IPENZ notes that the Regulatory Impact Statement associated with the discussion document states that the recommendation to have mandatory PM₁₀ reporting is connected with “public education”. IPENZ notes that the discussion document states that the Technical Advisory Group “recommended a greater focus on education so that people are more aware of the health hazards of particulate matter in the air. The Ministry has no funding allocated for this purpose, and in the current environment the government is unlikely to fund greater effort in this area”. IPENZ considers that public education should be a priority and that reduced social and health costs and the objective of maximising the number of airsheds that are compliant in 2018 should be sufficient drivers for undertaking further public education.

Finally, IPENZ recommends the compliance of airsheds be reviewed in 2018. If this review shows that airsheds are non-compliant then further action should be taken. IPENZ notes that this action could include the Minister introducing further changes to the regulations. IPENZ considers that offsets could be considered at this point, but notes that further development of the concept of offsetting would need to be undertaken to ensure the scheme was equitable, that the scheme was practical and not overly onerous for industry.

8. Are you aware of any other costs or benefits of the options?

IPENZ has no comment in relation to this question.

9. What current opportunities do you know of that could help reduce your emissions (e.g., updating current equipment)? Do you see these opportunities as effective in reducing total emissions within an airshed? What are the costs of these alternative opportunities? What is stopping these opportunities from being introduced now?

IPENZ has no comment in relation to this question.

10. What costs do stakeholders face when complying with resource consent restrictions required by air quality standards?

IPENZ has no comment in relation to this question.

11. Is it practical to require mandatory offsets in over-allocated airsheds?

As noted above, IPENZ does not support mandatory offsets at this stage.

However, if offsets were proceeded with, then it is likely that each company would make decisions that best suits them. For example, if the cost of undertaking offsets is too high, then that company may decide to locate itself in a complying airshed or it may invest in cleaner technology.

In relation to physically undertaking mandatory offsets, IPENZ understands that these offsets could include converting open fires, coal fires and woodburners to cleaner home-heating technology, converting buses and working with other industries to offset their PM₁₀ emissions. IPENZ notes that if companies were required to undertake offsets, then they would need good information and guidance as to what could be offset in a given airshed. IPENZ also considers that guidance would need to be provided to both households and industry. This guidance would need to state the purpose of offsets, emphasise the health benefits of changing heat sources and encourage householders, who may be reluctant to have their open fires or woodburners removed, to participate.

IPENZ also notes that if offsets were to proceed, then there would be demand for trained tradespeople to physically undertake the conversion of home heating. Thus, consideration of the labour market may be required to determine if there were sufficient tradespeople in place to satisfy demand.

12. What is the scale of the economic impact of mandatory offsets on industry? We are particularly interested in:

- a. **The materiality of these impacts on your business (e.g., what proportion of your total operating costs will these comprise and will it materially impact on your profitability)?**
- b. **Will these costs impact on current or future investment decisions you are likely to make?**
- c. **Any other impacts you see arising from a requirement to offset emissions?**

IPENZ has no comment in relation to these questions.

13. Will mandatory offsets for new industries in breaching airsheds encourage industries to adopt cleaner technologies?

IPENZ considers that cleaner technologies may result, if offsetting was proceeded with. IPENZ considers that companies would weigh up the cost of offsets versus the cost of cleaner technologies and take the action best for that company.

14. What costs will councils incur to comply with the proposed mandatory reporting of PM₁₀ monitoring data?

IPENZ has no comment in relation to this question.

15. How effective are rules at the national level in addressing air quality issues (e.g., managing emissions from various sources) compared with providing regional flexibility?

IPENZ has no comment in relation to this question.

COSTS AND BENEFITS

16. Have we accurately reflected the range of costs and benefits arising from the proposals for a national environmental standard and who might bear the costs or receive the benefits?

IPENZ has no comment in relation to this question, other than those made previously about the fairness of making industry pay for the conversion of PM₁₀ sources that are outside their control.

17. Are there any costs and benefits we have overlooked?

IPENZ considers that the potential benefit of new technology jobs should be reflected in the cost-benefit analysis.

18. Do you have information that you would like to see included in the cost-benefit analysis that will be carried out after the submissions are received and analysed?

IPENZ has no comment in relation to this question.

PREFERRED OPTIONS – PROPOSED AMENDMENTS

- Increase the permitted number of exceedance of the PM₁₀ standard from one to three exceedances per year.
- Exclude exceptional events from counting as exceedances of the PM₁₀ standard.
- Extend the timeline for compliance to 2018.
- Introduce mandatory reporting of PM₁₀ monitoring data.
- Use existing Ministerial powers under the Resource Management Act 1991 (section 27).
- Establish an air quality compliance strategy.
- Require mandatory offsets for new industry consents in breaching airsheds after 2018 (Option 4a).
- Remove all industry consent restrictions (Option 4b).

Are you in favour of these amendments and why?

Our comments in relation to each of the proposed amendments are as follows:

Increase the permitted number of exceedance of the PM₁₀ standard from one to three exceedances per year.

IPENZ supports this amendment. It consider it appropriate that New Zealand's policy is in line with World Health Organisation recommendations, which according to the discussion document currently allow 3.65 exceedances per year.

Exclude exceptional events from counting as exceedances of the PM₁₀ standard.

IPENZ supports the exclusion of exceptional events from counting as exceedances. IPENZ notes that the Technical Advisory Group defined exceptional events as “volcanic and seismic activity, exceedances due to transboundary pollution, structural and wild fires, fireworks displays and other cultural traditions and high-wind events”. IPENZ supports this definition.

Extend the timeline for compliance to 2018.

IPENZ notes that the Regulatory Impact Statement states that it is anticipated that in 2013 there will be “ten airsheds that will not comply with the PM₁₀ standard with another five airsheds potentially also exceeding. These 15 airsheds represent 45 per cent of New Zealand's population”.

IPENZ supports extending the timeline to make compliance more feasible. However, it notes that the costs associated with public health significantly increase as the timeline is extended. IPENZ therefore supports the compliance timeline being as tight as is possible to encourage compliance and maximise the public health benefits.

Introduce mandatory reporting of PM₁₀ monitoring data.

IPENZ supports the mandatory reporting of PM₁₀ by councils and considers that this data will increase transparency and public awareness of the “health” of the airshed.

Use existing Ministerial powers under the Resource Management Act 1991 (section 27).

IPENZ supports the use of existing Ministerial powers. It considers that these powers are consistent with other powers the Minister has under the Resource Management Act 1991.

Establish an air quality compliance strategy.

IPENZ supports the establishment of an air quality compliance strategy and considers that this strategy would help to clarify the options that the Minister may take where he/she considers that the council is failing to manage its airshed.

Require mandatory offsets for new industry consents in breaching airsheds after 2018 (Option 4a).

As noted in our responses to Questions 6, 7 and 11, IPENZ has concerns regarding mandatory offsets. Our primary concern is the inequity of making industry responsible for PM₁₀ emissions that it has not control over.

IPENZ considers that offsets may be an option after 2018 if there are non-compliant airsheds. Further development of the concept of offsets would be needed to ensure an offsetting scheme was workable and not overly onerous for industry.

Remove all industry consent restrictions (Option 4b).

As noted in our response to Question 7, IPENZ has concerns regarding the removal of all industry consent restrictions. It considers that after 2018 all regional councils must decline resource consent applications where the PM₁₀ emissions associated with the resource consent application would cause the airshed to become a non-complying airshed.

Are there any changes you would like made to these proposed amendments? If yes, what are these changes?

IPENZ recommends that regional councils should be encouraged to ensure that by 2018 their regional plans have a provision that the council must decline a resource consent application where the PM₁₀ from the application would cause the airshed to become non-complying.

IPENZ also recommends that further public education should be undertaken as a priority. This education should emphasise to homeowners the health benefits of changing heat sources and encourage them to consider changing their heat sources. This guidance should also promote the grants the Energy Efficiency and Conservation Authority has available for the installation of clean heating.

Finally, IPENZ recommends that the compliance of airsheds should be reviewed in 2018 and further action be taken, if required.

COSTS AND BENEFITS

Have we accurately reflected the range of costs and benefits arising from the proposed amendments, and who might bear the costs or receive the benefits? If no, how can the estimates be improved?

Please refer to our response to Question 16.

Are there any costs and benefits we have overlooked?

Please refer to our response to Question 17.

Please provide any information that you would like to see included in the cost-benefit analysis that will be carried out after the submissions are received and analysed.

IPENZ has no comment in relation to this question.

DECISIONS YOU WISH THE MINISTER FOR THE ENVIRONMENT TO MAKE

As noted above, IPENZ supports the following:

- Increasing the permitted number of exceedance of the PM₁₀ standard from one to three exceedances per year.
- Excluding exceptional events from counting as exceedances of the PM₁₀ standard.
- Extending the timeline for compliance to 2018 (or sooner, if possible).
- Introducing mandatory reporting of PM₁₀ monitoring data.
- Using existing ministerial powers under the Resource Management Act 1991 (s 27).
- Establishing an air quality compliance strategy.

IPENZ also recommends that the Minister:

- undertake public education in relation to air quality and clean heating options
- encourage regional councils to ensure that by 2018 their regional plans have a provision that the council must decline a resource consent application where the PM₁₀ from the application would cause the airshed to become non-complying
- review the compliance of airsheds in 2018 and take further action, if required.

CONCLUSION

IPENZ appreciates the opportunity to make this submission and is able to provide further clarification if required.

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