

# Submission template on the proposed amendments to the air quality standards

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## Discussion questions:

### Problem definition

#### 1. Have the main problems been defined accurately?

Yes, the problems experienced in the implementation of the original 2004 National Standards have generally been well covered in the MfE discussion document and the TAG's final report – *Air Quality – Getting the Balance Right*.

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

- a) Yes, the impact of the natural incidence of PM<sub>10</sub> (e.g. from sea spray) should be clearly provided for in the NES. Without some sort of exclusion for these events it is virtually inevitable that sea salt driven exceedences will result in some airsheds (e.g. Whirinaki and Awatoto, Hawke's Bay) never being able to comply with the NES.

It is therefore requested that the Minister either include exceedences clearly attributable to sea salt and other natural sources such as pollen as "exceptional events", or provide a special exemption when natural sources are proven to be the source.

- b) The proposed amendments do not address diffuse sources of PM<sub>10</sub>. This means diffuse sources of PM<sub>10</sub> are still included in the measurement, monitoring and reporting requirements of the NES.

There is very little Councils can do, in a cost effective manner, to minimise exceedences due to diffuse sources of PM<sub>10</sub> (e.g. from unsealed yards or roads). It is requested that the Minister provide further clarification and guidance on this issue

#### 3. Do you agree with the policy objectives?

No, if option 4b is adopted there will be no industry restrictions, thus the process used in consent processing and requirements would refer to established rules in regional air quality plans, which will vary from region to region. Thus it is incorrect to state the air quality standards provide a 'level playing field' that clarifies environmental expectations before the resource consent process, as industry would be largely de-coupled from the standards.

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

Certainly, if a particular region or airshed breaches or exceeds the national standards, under the existing regulations, you would expect new industries (post 2013) to invest in regions / airsheds where the national standards weren't already breached and where there was a strong likelihood of discharge consents being granted.

Similarly, the existing regulations prevent existing industries from investing in further expansion in an over-allocated airshed post 2013 because of consent restrictions placed on industry.

Option 4a, which requires mandatory offsets for new industries in breaching airsheds unfairly penalises new industries and potential future investments. New industries also incur additional costs due to offsets, which as mentioned in the discussion document, will put them at a commercial disadvantage. As a result, it is foreseeable that industry investment decisions and regional location decisions will be partly based on whether a particular location is within a breaching airshed.

### What are the options?

5. Have the options achieved the policy objectives?

Yes, the range of (options 1 - 4b) achieve the policy objectives to differing degrees. Some options cover the existing policy objectives better than others. For example if either option 1 or option 4b were adopted, it is questioned as to whether the policy objective relating to certainty for industry is still relevant, as all industry restrictions will be removed from the national standards.

6. Have the options addressed the identified problems?

One of the major problems with the NES is the actual cost borne by the community from having to retro-fit or replace non-compliant burners with more efficient and cleaner forms of heating. While an amended 2018 compliance date may give an extension to mandatory burner phase out dates in regional plans and gives greater time for natural attrition and replacement to occur, significant costs are still going to be borne by communities, although at a later date. However it is acknowledged that this issue may be outside the scope of the proposed amendments to the NES, and to some extent financial assistance packages offered by Regional Council's, the Warm Up New Zealand: Heat Smart Programme and EECA Clean Heat Programme assist in mitigating these financial costs to citizens.

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

Option 4b

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

Yes, see submission below.

9. What current opportunities do you know of that could help reduce your emissions (eg, 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?

N/A

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

N/A

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

No, not where in many airsheds, such as Hastings, 87% of winter time PM<sub>10</sub> contributions come from the domestic sector. This unfairly penalises industry, where in Hastings it has been modelled that only 2% of total PM<sub>10</sub> emissions come from industrial sources. Furthermore under the options put forth under option 4a, the offsets would only apply to new industries, not existing industries that may already be contributing to an existing problem.

Finally mandatory offsets may act as a deterrent to industry investment in certain locations due to the additional costs incurred.

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 (eg, 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?

N/A to Hastings District Council's activities.

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

N/A for Hastings District Council

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

N/A for Hastings District Council, only applicable to Regional Council's and Unitary Authorities

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

Rules or regulation at the national level, (in terms of National Environmental Standards) set an even playing field or target level that must be achieved nationwide. However the relative effectiveness of rules at a national level in managing emissions from various sources is low. This is because it is difficult for rules at the national level to account for regional variations in sources of PM<sub>10</sub> and regional climatic conditions. In this sense it is preferable to adopt local solutions to local problems in order to meet a national base standard.

### **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?

No, see 17.

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

The NZIER cost-benefit analysis report does not appear to have made an assessment of the negative health effect impacts arising from the NES on loss of life quality, in particular the affect the standards may have on those members of the community who are at the lower end of the socio-economic scale and who may not be able to afford the costs of replacing their existing home heating with alternative compliant sources (even with financial assistance, grants etc) resulting in cold, damp homes and the associated health impacts.

Are the health impacts and costs to the health sector greater in terms of respiratory illness etc due to PM<sub>10</sub> emissions or greater in terms of negative health impacts due to cold, damp housing?

These costs have been overlooked and should be included in the NZIER 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?

No.

## 1. Preferred options

<p><b>Option 4a</b> Proposed amendments</p>	<p>Increase the permitted number of exceedances of the PM<sub>10</sub> standard from one to three exceedances per year.</p> <p>Exclude exceptional events from counting as exceedances of the PM<sub>10</sub> standard.</p> <p>Extend timeline for compliance to 2018.</p> <p>Require mandatory offsets for new industry consents in breaching airsheds after 2018 (ie, do no harm)</p> <p>Introduce mandatory reporting of PM<sub>10</sub> monitoring data.</p> <p>Use existing ministerial powers under the Resource Management Act 1991 (section 27)</p> <p>Establish an air quality compliance strategy.</p>
<p>Are you in favour of these amendments?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Reason/s</p>	<p>Mandatory offsets - It would not be fair or equitable to require mandatory offsets from new industry when the primary source of PM<sub>10</sub> concentrations in many airsheds nationally comes from domestic heating. In Napier and Hastings domestic heating contributes to around 87% of total wintertime PM<sub>10</sub> concentrations, while the industrial PM<sub>10</sub> contribution sits at around 2%.</p> <p>The approach in 4a would continue to unfairly penalise new industries because of PM<sub>10</sub> emissions from the domestic sector, existing industrial activities and/or transportation. New industries would incur costly offsets while homeowners could continue to install solid fuel heating appliances with no NES imposed penalty.</p>
<p>Are there any changes you would like made to these proposed amendments?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>If yes, what are these changes?</p>	<p>Removal of all industry consent restrictions or requirements for mandatory offsets as proposed in option 4b.</p>

<p><b>Option 4b</b> Proposed amendments</p>	<p><b>Increase the permitted number of exceedances of the PM<sub>10</sub> standard from one to three exceedances per year.</b></p> <p><b>Exclude exceptional events from counting as exceedances of the PM<sub>10</sub> standard.</b></p> <p><b>Extend timeline for compliance to 2018.</b></p> <p><b>Remove all industry consent restrictions.</b></p> <p><b>Introduce mandatory reporting of PM<sub>10</sub> monitoring data.</b></p> <p><b>Use ministerial powers under the Resource Management Act 1991 (section 27)</b></p> <p><b>Establish an air quality compliance strategy.</b></p>
<p><b>Are you in favour of these amendments?</b></p>	<p>X Yes   <input type="checkbox"/> No</p>
<p><b>Reason/s</b></p>	<p>Increasing the number of exceedances of the ambient PM<sub>10</sub> standard from one to three is more in line with international air quality regulations of other countries/organisations which allow more exceedances of their national environmental protection measures for PM<sub>10</sub> and is more consistent with the World Health Organisation global guideline of 3.65 exceedances per year. However HDC wishes to see the permitted number of exceedances increased to 5 per year.</p> <p>The changes proposed in option 4b are more equitable as domestic home heating, not industry, is the primary source of urban air pollution in most parts of New Zealand. In this respect the proposal to repeal all industry consent restrictions is appropriate, and brings with it significant economic benefits in terms of sustained industry investment and local employment.</p> <p>The 2013 compliance date has been acknowledged as problematic for various Councils. The 2018 timeframe gives Councils an extended timeframe in which to meet the national standards. Some Councils are currently trending towards compliance by 2018, but would not have met the NES by 2013. The extension of the compliance date from 2013 to 2018 coupled with the removal of industry restrictions protects industry from costly penalties post 2013, in turn having a positive effect on regional economies and regional employment.</p> <p>The 2018 compliance date also gives communities longer to adjust and budget for retro-fitting or replacing their existing home heating (if required), provides a greater timeframe for educational campaigns to take affect and for replacement of older fireplaces to occur through natural attrition.</p> <p>Excluding exceedances to the PM<sub>10</sub> standard brought about by exceptional events is an effective way of showing true air quality in an airshed and increases certainty and equity because airshed compliance will not be based on uncontrollable events.</p>

<p><b>Are there any changes you would like made to these proposed amendments?</b></p>	<p>X Yes   <input type="checkbox"/> No</p>
<p><b>If yes, what are these changes?</b></p>	<p>Hastings District Council would like to see the permitted number of exceedances of the national standard increased to 5 per year. It would be beneficial to carry out a cost benefit analysis on the impacts of increasing the limit to 5.</p> <p>In some regions or airsheds the additional adverse health impacts of raising the permitted number of exceedances to 5 per year may be outweighed by significant socio-economic benefits, particularly in those airsheds which currently exceed the NES by only around 5-6 occasions per year. In such instances little or no measures would need to be taken by local authorities to address PM<sub>10</sub> emissions and the costs to the community through the replacement non-compliant domestic home heating sources may be forgone.</p> <p>The impact of the natural incidence of PM<sub>10</sub> (e.g. from sea spray) should be clearly provided for in the NES. Without some sort of exclusion for these events it is virtually inevitable that sea salt driven exceedances will result in some airsheds (e.g. Whirinaki and Awatoto, Hawke's Bay) never being able to comply with the NES.</p> <p>It is therefore requested that the Minister either include exceedances clearly attributable to sea salt and other natural sources such as pollen as "exceptional events", or provide a special exemption when natural sources are proven to be the source.</p> <p>The proposed amendments do not address diffuse sources of PM<sub>10</sub>. This means diffuse sources of PM<sub>10</sub> are still included in the measurement, monitoring and reporting requirements of the NES.</p> <p>There is very little Councils can do, in a cost effective manner, to minimise exceedances due to diffuse sources of PM<sub>10</sub> (e.g. from unsealed yards or roads). It is requested that the Minister provide further clarification and guidance on this issue</p>

## 2. Costs and benefits

<p><b>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?</b></p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p><b>If no, how can the estimates be improved?</b></p>	<p>See below.</p>
<p><b>Are there any costs and benefits we have overlooked?</b></p>	<p>The NZIER cost-benefit analysis report does not appear to have made an assessment of the negative health impact affects arising from the NES on loss of life quality, in particular the affect the standards may have on those members of the community who are at the lower end of the socio-economic scale and who may not be able to afford the costs of replacing their existing home heating with alternative compliant sources (even with financial assistance, grants etc) resulting in cold, damp homes and the associated health impacts.</p> <p>Are the health impacts and costs to the health sector greater in terms of respiratory illness etc due to PM<sub>10</sub> emissions or greater in terms of negative health impacts due to cold, damp housing?</p> <p>HDC believes an assessment needs to be made which incorporates this element.</p>
<p><b>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.</b></p>	<p>See above.</p>

**3. Decision/s you wish the Minister for the Environment to make**

<p><b>Proposed amendments</b></p>	<p><input checked="" type="checkbox"/> Increase the permitted number of exceedances of the PM<sub>10</sub> standard from one to three exceedances per year.</p> <p><input type="checkbox"/> Exclude exceptional events from counting as exceedances of the PM<sub>10</sub> standard.</p>
	<p><input type="checkbox"/> Require mandatory offsets for new industry consents in breaching airsheds after 2018 (ie, do no harm)</p> <p><b>OR</b></p> <p><input checked="" type="checkbox"/> Remove all industry consent restrictions.</p> <hr/> <p><input checked="" type="checkbox"/> Extend the time line for compliance to 2018.</p> <p><input checked="" type="checkbox"/> Introduce mandatory reporting of PM<sub>10</sub> monitoring data.</p> <p><input checked="" type="checkbox"/> Use existing ministerial powers under the Resource Management Act 1991 (section 27)</p> <p><input checked="" type="checkbox"/> Establish an air quality compliance strategy.</p> <p><input checked="" type="checkbox"/> Investigate the feasibility of funding links (denial of funding in breaching airsheds).</p>
<p><b>Other proposed amendments you would like the Minister to make.</b></p>	<p>Increase the permitted amount of exceedances to 5 per year as mentioned earlier.</p>



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