

1 May 2006

Community Plan Submission
Environment Canterbury
PO Box 345
Christchurch

plan@ecan.govt.nz



SUBMISSION FROM THE
CANTERBURY MANUFACTURERS'
ASSOCIATION

ON THE

Environment Canterbury Long Term Community Plan 2006 – 16 (Revised)

**Canterbury Manufacturers' Association
P O Box 13152 Armagh
CHRISTCHURCH**

The Canterbury Manufacturers' Association is pleased to have this opportunity to provide feedback from our members.

BACKGROUND

The Canterbury Manufacturers' Association represents manufacturers predominantly in Canterbury and Westland, with members from the rest of the South Island and Auckland. The numbers of staff employed by our members represent approximately 40% of those employed by the manufacturing sector in the Canterbury region. Locally the manufacturing sector is a significant contributor to the economy, representing about 15% of employment.

Elaborately transformed manufactures comprise over 30% of New Zealand tradeable exports, sector sales total over \$30 billion and total national employment numbers around 170,000. New Zealand manufacturers face the ever increasing onslaught of the cost of local regulation and global competition from low cost countries, without any significant support and protection. The Canterbury region has a disproportionately high number of high value elaborately transformed manufacturers who have significant export sales when compared with all the other regions of New Zealand.

The historical reliance that New Zealand has placed in the primary sector and basic manufactured goods has seen the position that New Zealand has in the rankings of the Organisation of Economic Co-operation and Development fall from 5th in 1950 to 21st in 2004, between Spain and Greece. We are well into the lower middle bracket of global income per capita. New Zealand has grown more slowly than other countries due to the dependence on the primary sector. The manufactured goods sector of the internationally traded economy has grown much faster.

Without economic development, based on elaborate transformation commanding high prices from global customers, we will increasingly see issues such as "health problems" correctly characterised as "wealth problems". Recent headlines on the "management" of the waiting lists bring this issue to the general public. The Canterbury Manufacturers' Association is of the view that provided we have a balanced and practical approach to environmental regulation and cost allocation, we can enjoy an improving environment and a growing economy.

Perhaps more than any other form of enterprise, the elaborate transformation of materials involves new and sometimes difficult to quantify environmental issues. In this sector the poor application of good regulation, or poor regulation and inequitable cost allocation, has the capacity to wipe away any comparative advantage, threatening jobs, businesses and economic growth as businesses do not develop, or relocate to take the advantages offered by other centres or jurisdictions.

The Canterbury Manufacturers' Association does wish to be heard on this submission.

SPECIFIC COMMENTS

UNIFORM CHARGES AND WATER MANAGEMENT COSTS

The members of the Canterbury Manufacturers' Association:

- Supports the introduction of a Uniform Annual Charge as outlined on page 84.
- Agrees with the concept of directly charging the costs of managing water resource to the consent holders as indicated on page 117. However it should be noted that industrial users have significant incentive to reduce water use as a result of the Christchurch City Council's trade waste charges. Changes in this area should be subject a full and open consultation process that will take in to account other water charges faced by consent holders.

AIR QUALITY

National air quality standards have created, and have the potential to create major problems for our members and the economic viability of some activities. The move, for cost reasons, away from oil and gas to coal, even with high efficiency combustion, holds the prospect of blocking business development.

This shift in fuel source for some, the increasing price of electricity and questions over the security of electricity supply all build to create a major concern as we look forward over the next 10 years. It is likely that significant new hydro or thermal generating capacity will be required in that time horizon. ECAN has the capability to support such a development or be a major blockage – without a dependable, cost effective supply of electricity, society cannot function and we are now perilously close to the problem hitting the headlines.

Concerted and careful efforts are necessary to substantially reduce the principal source of particulate emission (the domestic wood burner). Without success in this area, the more aggregated industrial users will be priced or regulated out of their activity in the region. All efforts to promote change in the domestic emissions are vital for the future of the local economy.

Our members are concerned that the plan indicates the forecast conversion rate will not meet the imposed national air quality standards, thereby limiting industrial development dependent on new or renewal of resource consents. For the sake of the local economy and jobs, this must not be allowed to happen. Conversion efforts must be redoubled to meet and beat national standard level to provide headroom in all the air sheds for economic development.

Here again, the above comments on electrical generation apply, low cost electricity can help the changes in the attractiveness of domestic fuel sources.

It is also important to ensure that incentives apply only to replacing only non-compliant wood burners and open fires. Care should be taken to avoid displacing one form of compliant heater with another.

ENERGY

Demand side activities have been shown to be ineffective. We would prefer so see activities on the demand side focused in the domestic heating conversion area and electricity cost and supply reliability.

USER PAYS

Generally we would like to see increasing cost recovery for users, coupled with a reduction in charges imposed on the ratepayer. Manufacturing competes with other centres and jurisdictions in the New Zealand market and export markets. The imposition of inequitable costs speed the loss of manufacturing activity and jobs locally. The 'dark satanic mills' might be long gone here in New Zealand, but they still exist in low cost countries. Those same countries that compete with local manufacturers make things too difficult, erect too many unnecessary barriers and the playing field tilts reducing investment and threatening local jobs.

VISIBILITY

We note on page 101 that the Canterbury Manufacturers' Association is not mentioned. Manufacturing is vital to the community and the Association represents well over one third of those employed in manufacturing in the region and has done so since the late 19th century.

John Walley
Canterbury Manufacturers' Association