BEFORE THE ENVIRONMENT COURT I MUA I TE KOOTI TAIAO O AOTEAROA

Decision No. [2019] NZEnvC 54

IN THE MATTER

of the Resource Management Act 1991

AND

of an application pursuant to s 86D of the Act

by CHRISTCHURCH CITY COUNCIL

(ENV-2019-CHC-007)

Applicant

Court:

Environment Judge J E Borthwick

(sitting alone under s 279 of the Act)

Hearing:

In Chambers at Christchurch

Date of Decision:

29 March 2019

Date of Issue:

29 March 2019

DECISION OF THE ENVIRONMENT COURT ON APPLICATION FOR PROPOSED RULE TO HAVE LEGAL EFFECT FROM DATE OTHER THAN STANDARD DATE

- A: The application is granted.
- B: Pursuant to s 86D of the Resource Management Act 1991 the following parts of proposed Plan Change 1 to the Christchurch District Plan have immediate legal effect on the date of issue of this decision:
 - (a) rule 4.1.4.1.5 NC2, marked Annexure A; and
 - (b) associated planning map 47A, marked Annexure B
 - both of which attach to and form part of this decision.



REASONS

Introduction

- [1] Christchurch City Council has made an *ex parte* application¹ under s 86D of the Resource Management Act 1991, seeking that proposed rule 4.1.4.1.5 NC2 and the associated proposed Woolston Risk Management Area overlay, included in Plan Change 1 to the Christchurch District Plan, have legal effect from the date Plan Change 1 is publicly notified or any earlier date ordered by the court.
- [2] The application is supported by the affidavit of M F Pollisco, Policy Planner at the Christchurch City Council.²

The application

- [3] Plan Change 1 ("PC1")³ seeks to amend a package of provisions included in the Christchurch District Plan⁴ that relate to two bulk fuel storage terminals located in Woolston, Christchurch ("Woolston Terminals").
- [4] The Council seeks an order in relation to one rule in PC1 and an associated planning map annotation, as follows:
 - (a) an amendment to rule 4.1.4.1.5 NC2 ("rule NC2"); and
 - (b) an amendment to the Risk Management Areas ("RM Areas") shown on planning map 47A.
- [5] More particularly, the fuel stored at the two terminals located at Woolston pose a risk to surrounding land uses that cannot be fully contained, and could possibly give rise to events such as vapour cloud explosion, tank and bund fires.⁵ The operators of the Woolston Terminals had sought that RM Areas be included in the District Plan as a

⁵ Affidavit of M F Pollisco sworn 19 March 2019, Annexure I, Section 32, Evaluation dated 14 March 2019 at 3.1.6.



¹ Notice of motion dated 19 March 2019 and memorandum of Christchurch City Council dated 25 March 2019.

² Affidavit of M F Pollisco, sworn 19 March 2019.

³ Publicly notified on 20 March 2019.

⁴ Chapters 4 and 16; Planning Map 47A.

means of defining appropriate risk contours around the two terminals. The RM Areas were based on international research related to generic setbacks for infrastructure of this type⁶ and second, the 2008 QRA for the terminal operated by Liquigas. The RM Areas, together with their associated policy and the non-complying rule (Rule NC2), were to serve two purposes: protection from risk associated with the terminals and protection of the terminals from reverse sensitivity effects.⁷

[6] While agreeing that the RM Areas were appropriate, the Independent Hearings Panel, that heard submissions on the notified District Plan, was not satisfied that they should be included in the District Plan on a permanent basis, given the QRA for Liquigas was seven years old and prepared pre-earthquakes and the Oil Companies did not have a QRA. For these reasons the Panel determined that the RM Areas should be included on an interim basis, with an expiry date of 31 March 2019. The outcome was that rule NC2 was included in the District Plan with a sunset clause stating that the rule shall cease to have legal effect by 31 March 2019.

Updated QRAs

[7] The operators of Woolston Terminals have completed updated QRAs⁸ for the two terminals which provide an informed basis on which to review the extent of the RM Area and remove the sunset clause associated with rule NC2. The QRAs now provide an updated identification of the geographic extent of unacceptable risk for sensitive and some other non-industrial activities.⁹

[8] The Council's position is that the updated QRAs establish the need for the RM Area but with modified boundaries.¹⁰ The Council has reviewed the updated QRAs and undertaken a s 32 evaluation of the amendments required to the District Plan. Having done so, it now seeks to change rule NC2 by deleting the sunset clause and updating

¹⁰ Affidavit of M F Pollisco, sworn 19 March 2019, Annexure D.



⁶ That is, for the terminal operated by the oil companies.

⁷ Notice of motion dated 19 March 2019 at [11].

⁸ Affidavit of M F Pollisco, sworn 19 March 2019, Annexure I, Section 32 Evaluation dated 14 March 2019, at 3.4.1. The QRAs adopted the risk criteria contained in the New South Wales HIPAP and have been prepared to account for reasonable future growth. The levels of risk for each site, therefore, is inclusive of growth over the next ten years. The outer extent of the proposed Woolston RM Area is based on 0.5 X 10⁻⁶ individual fatality risk which under the HIPAP criteria, equates to an acceptable level of risk for a sensitive activity.

⁹ Affidavit of M F Pollisco, sworn 19 March 2019, Annexure I, Section 32 Evaluation dated 14 March 2019, at 6.3.23.

the extent of the RM Areas shown on planning map 47A.¹¹ The updated QRAs confirm the need for RM Areas, but with modified boundaries.

Revocation of the Order in Council

[9] I digress for a moment to note that PC1 seeks to amend provisions included in the District Plan through the Christchurch Replacement District Plan ("CRDP") process. The CRDP process was established with an Order in Council made pursuant to the Canterbury Earthquake Recovery Act 2011. This involved modification of the standard plan change process under the Act, with appeal rights being limited to questions of law only.¹²

[10] The Order in Council had restricted the ability of the Council to initiate a plan change under Schedule 1 of the RMA. The Order in Council was revoked from 18 March 2019,¹³ thus providing the Council with the ability to initiate PC1 and to seek to remove the sunset clause and to amend rule NC2.

Consultation

[11] The Department of the Prime Minister and Cabinet ("DPMC") made the City Council aware that it was likely to revoke the Order in Council in early 2019.¹⁴ In response, the Council initiated consultation with potentially affected persons during January and February 2019, with a view to notifying a plan change ahead of the sunset clause date.

- [12] Letters were sent to all owners and owner-occupiers considered to be directly affected by PC1, inviting them to comment on the draft plan change and to attend one of the three pubic information drop-in sessions being held on 5, 11 and 13 February 2019.¹⁵
- [13] The Ministry for the Environment, DPMC, Canterbury Regional Council and Ngāi Tahu were also invited to provide comments on the consultation draft plan change in accordance with clause 3(1), Schedule 1 of the RMA.

¹⁵ Notice of motion dated 19 March 2019 at [21].



¹¹ Notice of motion dated 19 March 2019 at [15]. Correction made by email to Sarah Schulte on 28 March 2019.

¹² Notice of motion dated 19 March 2019 at [9].

¹³ Canterbury Earthquake (Christchurch Replacement District Plan) Order Revocation Order 2019.

¹⁴ Notice of motion dated 19 March 2019 at [20].

Grounds for the application

- [14] The application is made on the following grounds (by way of summary):16
 - (a) if rule NC2 were to expire on 31 March 2019 the requirement for sensitive activities to obtain resource consent for a non-complying activity when seeking to establish within the operative RM Areas would also fall away. While the risk is small, there is the potential for a certain sensitive activity (namely preschools) to establish as a permitted activity within the operative RM Areas (or seek a Certificate of Compliance);
 - (b) the establishment of any sensitivity activity within the operative RM Areas could result in the potential for new sensitive activities to be exposed to unacceptable risk and for those sensitive activities to constrain fuel supply to the district and the operation and development of established strategic infrastructure;
 - (c) in the event rule NC2 were to expire, the operative RM Areas would remain in the District Plan but would no longer be supported by a non-complying activity rule. Further, the rule's expiry without any replacement will undermine the integrity of the District Plan and its approach to managing strategic infrastructure;
 - (e) if any sensitive activity were to establish in the RM Areas, the Council's view is that this would be inconsistent with:
 - strategic objective 3.3.12, which seeks to enable safe, efficient and effective development, upgrade, maintenance and operation of strategic infrastructure;
 - (ii) policy 4.1.2.2.1, which seeks to avoid the establishment of sensitive activities in close proximity to facilities storing hazardous substances;
 and
 - (iii) policy 16.2.1.4, which seeks to avoid any activity in industrial zones with the potential to hinder or constrain the establishment or ongoing operation or development of strategic infrastructure.
 - (f) the order sought is appropriate given the risk presented by the Woolston Terminals:



¹⁶ Notice of motion dated 19 March 2019 at [25].

- (g) consultation with all owners and occupiers considered to be affected by PC1 has been undertaken in a comprehensive manner by the Council with very few concerns raised by affected landowners;
- (h) if the application was granted the status quo would essentially continue for owners and occupiers of land subject to the operative RM Areas, so there can be no material unfairness to them;
- (i) while the proposed Woolston RM Area will apply to additional properties that are not within the operative RM Areas, the relevant owners and occupiers have been consulted with few issues or concerns being raised. These persons will have the opportunity to submit on PC1 in due course, and on that basis the Council considers any prejudice to be limited;
- (j) the making of the order is consistent with the purpose of the RMA to:
 - (i) manage the use of physical resources in a way that enable people and communities to provide for their health and safety; and
 - (ii) provide for social and economic wellbeing by virtue of ensuring uninterrupted access to fuel and gas supplies.

Section 86D Resource Management Act 1991

- [15] In accordance with s 86B(1) RMA, rules in a proposed plan ordinarily have legal effect only once a decision on submissions is made and publicly notified under clause 10(4) Schedule 1. The earliest that decisions could be made on submissions on a plan change is typically 6 to 12 months from the date of public notification. If there are appeals the rules will not become operative until the resolution of the appeals.¹⁷
- [16] Section 86D gives the court the power to order that a rule in a proposed plan or change has legal effect from some date other than the standard date, as follows:

86D Environment Court may order rule to have legal effect from date other than standard date

- (1) In this section, rule means a rule-
 - (a) in a proposed plan; and
 - (b) that is not a rule of a type described in section 86B(3)(a) to (e) or (6).
- (2) A local authority may apply before or after the proposed plan is publicly notified under clause 5 of Schedule 1 to the Environment Court for a rule to have legal effect from a date other than the date on which the decision on submissions relating to the rule



¹⁷ Notice of motion dated 19 March 2019 at [26].

is made and publicly notified under clause 10(4) of Schedule 1.

- (3) If the court grants the application, the order must specify the date from which the rule is to have legal effect, being a date no earlier than the later of—
 - (a) the date that the proposed plan is publicly notified; and
 - (b) the date of the court order.

[17] There is no indication given in s 86D as to the matters the court ought to consider when determining such an application. This is not unlike other provisions in the Act (for example s 285), in which case the court's discretion is to be exercised on a principled basis bearing the purpose of the Act in mind. In other words, there must be good reason for the court to depart from Parliament's intention expressed in s 86B of the Act that the rules in a plan have legal effect when the decision on submissions relating to the rule is made and publicly notified. In other words, there must be good reason for the court to depart from Parliament's intention expressed in s 86B of the Act that the rules in a plan have legal effect when the decision on submissions relating to the rule is

[18] Often an application under s 86D arises in circumstances where the proposed plan introduces restrictions and there is a danger that there will be a "gold rush" of applications as people try to take advantage of the current rules of the operative district plan. While that is unlikely to be the case here, the Council remains of the view that the risk presented by the expiry of the rule and the lack of any interim replacement is real nonetheless.²⁰ The Council submits that in this case it is more concerned that the application is necessary to achieve the purpose of the Act.

[19] In Re Thames-Coromandel District Council²¹ the court noted the following themes from previous case law that may be relevant when assessing a s 86D application:

- (a) the nature and effect of the proposed changes by reference to the status quo;
- (b) the basis upon which it can be said that immediate legal effect is necessary to achieve the sustainable management purpose of the Act;
- (c) the spatial extent of the area/s which are to become subject to the proposed changes and/or the approximate number of properties potentially affected;
- (d) consultation (if any) that has been undertaken in relation to the proposed changes;
- (e) whether the application should be limited or publicly notified, including consideration of potential prejudice.

²¹ Re Thames-Coromandel District Council [2013] NZEnvC 292 at [32].



Re New Plymouth District Council [2010] NZEnvC 427, (2010) 16 ELRNZ 174 at [8].
 Subject to the exceptions stated in s 86B.

²⁰ Notice of motion dated 19 March 2019, footnote 5.

[20] While these themes may provide the court with some guidance, Judge Harland found that they fell short of being principles in themselves.²² Bearing that in mind, I have adopted the general themes in my discussion below because – as Judge Harland reflects – the principles encompass procedural and substantive matters relevant to the exercise of the discretionary power under s 86D of the Act.

Discussion

Nature and effect of proposed changes

- [21] PC1 proposes certain amendments so that the District Plan continues to:23
 - (a) manage effects with low probability but potentially high impact that could arise were sensitive activities to locate within a certain distance of the Woolston Terminals;
 - (b) enable the ongoing efficient operation of the Woolston Terminals and prevent reverse sensitivity effects arising; and
 - (c) require other new discretionary or non-complying activities seeking to establish in the area to consider the issue of risk and to ensure they meet relevant risk acceptance criteria appropriate to the nature of the proposed activities, when applying for resource consent but without the need to undertake individual QRAs.
- [22] The change proposed to the rule is as follows:
 - 4.1.4.1.5 Non-complying activities

Activity

NC2 a. Any sensitive activity located within a the Woolston Risk Management Area. This rule shall cease to have effect by 31 March 2019.

Advice note:

The Woolston Risk Management Areas are is shown on Planning Map
47A. The geographic extent of these areas may be subject to a future
plan change to have effect by 31st March 2019 and any such plan
change would need to be based on the findings of a Qualitative Risk
Assessment.



²² Re Thames-Coromandel District Council [2013] NZEnvC 292 at [10].

²³ Affidavit of M F Pollisco, sworn 19 March 2019, at [32].

[23] Compared with the status quo, the proposed changes will:24

- (a) resolve the issue with the sunset clause in an effective and efficient manner;
- (b) improve the function of the District Plan by more accurately identifying the extent of risk on planning map 47A, while giving effect to the Council's functions under the RMA;
- direct sensitive activities to locations where they will not be exposed to unacceptable risk, achieving the intended outcomes for industrial zones;
- retain the ability to enable assessment of proposals for the establishment of sensitive activities in proximity to fuel terminals through a non-complying resource consent process;
- (e) maintain long-term security for strategic infrastructure and the associated security of reliable fuel supplies, including the ability to expand; and
- (f) provide certainty in terms of the ongoing operation and upgrading of strategic infrastructure and certainty for other landowners seeking to establish sensitive activities.

Spatial extent of area subject to proposed changes

The Council's application is confined to one rule and the associated planning map and is in relation to a defined area around the Woolston Terminals. The change involves a modification to the operative RM Area overlays, combining two RM Areas into a single overlay (the proposed Woolston RM Area) in response to the updated QRAs.²⁵ The geographic extent of the proposed change to the area is shown in Annexure D of the supporting affidavit.²⁶ The modifications will impact 248 properties as follows:²⁷

- (a) 54 properties newly included in proposed Woolston RM Area;
- (b) 58 properties within the operative RM Area remaining within the proposed Woolston RM Area;
- (c) 136 properties within the operative RM Areas but outside of the proposed Woolston RM Area.

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²⁴ Affidavit of M F Pollisco, sworn 19 March 2019, at [34].

²⁵ Affidavit of M F Pollisco, sworn 19 March 2019, at [3].

²⁶ Refer updated version attached to Memorandum of counsel for the Christchurch City Council, dated 25 March 2019.

²⁷ Affidavit of M F Pollisco, sworn 19 March 2019, at [27].

[25] While new properties are caught by the change to the RM Area overlays, the proposed amendments respond to risk that is both existing and new (having allowed for reasonable future growth of the strategic infrastructure).²⁸

Extent of consultation

Elected members

[26] On 15 October 2018 a seminar was held with the Linwood Central-Heathcote Community Board to provide a briefing on PC1.

[27] Details about the process, timing and related issues with PC1 were presented to the full Council at its meeting on 19 December 2018.²⁹

Affected persons

[28] Pre-notification consultation took place between mid-January to mid-February 2019.

[29] Letters were sent to owners and owner-occupiers considered to be affected, inviting them to comment on the draft plan change and to attend one of the three public information drop-in sessions on 5, 11 and 13 February 2019. The affected persons were invited to call or email Council staff if unable to attend any of the scheduled sessions and information as available on the Council website.

[30] Nine property owners representing 12 sites attended the scheduled sessions. One owner expressed concern that his development rights were being limited by the modification of the RMA overlay to cover his property. I am told no other property owners expressed concern with the draft plan change proposal. All agreed that sensitive activities should be avoided in the area.

[31] Queries via email were mainly clarification requests with respect to the boundary of the proposed Woolston RM Area in relation to certain properties. Three completed feedback forms were received via post. One landowner noted no concerns as long as there were no further or additional restrictions placed on their current business use under the current plan. A second would be pleased to see the change take effect. The third

²⁹ Affidavit of M F Pollisco, sworn 19 March 2019, at [30].



²⁸ Affidavit of M F Pollisco, sworn 19 March 2019, exhibit D.

landowner sought flexibility to operate offices in the IH Zone within the proposed Woolston RM Area.

[32] The Ministry for the Environment, DPMC, Canterbury Regional Council and Ngāi Tahu were invited to provide comments on the draft plan change (in accordance with clause 3(1) of Schedule 1 to the RMA). The only feedback received was from Mahaanui Kurataiao Limited (representing Ngāi Tahu) which stated that the proposed plan change was discussed at a recent hui between its staff and the Kaitiaki Portfolio representatives for Te Ngāi Tūāhuriri Runanga. No concerns or recommendations were raised.

[33] Liquigas and the Oil Companies indicated support for the draft plan change except for the change initially proposed to Policy 16.2.1.4. (activities in industrial zones), for the following reasons:

- (a) the draft plan change proposed to delete part of the policy that required discretionary and non-complying activities to prepare and submit a QRA with their resource consent application in order to demonstrate that their proposal meets the appropriate risk acceptability criteria for the type of land use;
- (b) the Council initially considered that this policy requirement was no longer necessary because QRAs had since been undertaken by Liquigas and the Oil companies and provisions in Chapter 4 (Hazardous Substances and Contaminated Land) of the District Plan would now manage the location of sensitive activities within the proposed Woolston Risk Management Area;
- (c) Liquigas and the Oil Companies say it remains appropriate for the Council to consider the potential risk to enable an assessment of the extent to which these activities were likely to be exposed to unacceptable risk. These potential risks may be relevant to all activities not just those defined as sensitive in the District Plan;
- (d) Council staff considered the feedback and agreed it is appropriate to retain the policy requirement but that it is also appropriate to include reference to the existing QRAs to provide additional clarity to plan users via an advice note. The advice note would state that the QRAs prepared by the LPG and Oil Companies for the proposed Woolston RM Area will be made freely available to the public to inform the policy requirement and that the relevant discretionary and non-complying activities are only those the subject of rule



16.4.1.4 D1, rule 16.5.1.4 and rule 16.5.1.5 NC1.

[34] No further consultation was undertaken in relation to the draft plan change and no additional feedback was received by the Council.³⁰

[35] Given the above, I find that the Council has undertaken the appropriate level of consultation and it is clear that people have been given a variety of ways to participate in that process, through written correspondence, meetings (with three possible dates to attend) and the conveyance of information through the Council website.

Whether the application should be limited or publicly notified including consideration of potential prejudice

[36] The application is made on an *ex parte* basis. The decision to proceed this way was made having regard to the consultation undertaken by the Council, which resulted in little feedback or concerns about the proposed changes.³¹

[37] The Council submits that if rule NC2 were to have legal effect from the date of public notification of PC1 (20 March 2019)³² there will be no prejudice to any owners of land that is comprised within the operative RM Areas and only minor prejudice to owners of land within the proposed Woolston RM Area.

[38] Owners within the operative RM Areas will experience no material change since the existing rule NC2 will simply "roll over" with the exception of the sunset clause. For newly affected owners, while their properties will be impacted by the proposed rule and the proposed Woolston RM Area, these landowners (and the general public) will be able to contest the change through the Schedule 1 process.³³

[39] On that basis I consider that no person will be prejudiced by the granting of this application on an *ex parte* basis. Given the level of consultation, I am satisfied that people who will be impacted have had the opportunity to make their views known and for those who did, their views considered by the Council. Even so the public's right to contest the change remains unaltered. For that reason I find that notification of the s 86D application

³³ Affidavit of M F Pollisco, sworn 19 March 2019, at [39].



³⁰ Affidavit of M F Pollisco, sworn 19 March 2019, at [31].

³¹ Memorandum of counsel for the Christchurch City Council, dated 25 March 2019, at [3]-[8].

³² Affidavit of M F Pollisco, sworn 19 March 2019, at [35].

is not necessary.

Necessary to achieve the purpose of the Act?

- [40] The Woolston Terminals are identified in the District Plan as strategic infrastructure. The Terminals receive, store and distribute refined petroleum products and liquid petroleum gas.
- [41] The District Plan requires that strategic infrastructure is managed so that it is protected from incompatible development and activities by avoiding adverse effects from them, including reverse sensitivity effects.
- [42] If sensitive activities are allowed to develop in close proximity to the Terminals without appropriate safeguards, those activities have the potential to increase the risk profile of the terminals and compromise its operation and development. This could affect the resilience and efficiency of region-wide fuel supplies.³⁴
- [43] The Council submits, and the court agrees, that the application is necessary to achieve the purpose of the RMA since:
 - (a) the proposed rule and amendment to the planning map are site-specific and reflect the outcomes of the updated QRAs that identify appropriate risk boundaries applying to the land around the Woolston Terminals;
 - (b) an order giving the proposed rule immediate effect on notification recognises the strategic importance of the two Terminals to the region, together with the risk they present to surrounding sites and the community at large; and
 - (c) if there is no non-complying activity rule within Chapter 4 that has a direct link to the RM Areas, there is a risk of incompatible sensitive activities that are not otherwise captured by the zone rules, establishing within those areas.³⁵



³⁴ Affidavit of M F Pollisco, sworn 19 March 2019, at [42]; Annexure I, Section 32 Evaluation dated 14 March 2019, at 3.1.7

³⁵ Affidavit of M F Pollisco, sworn 19 March 2019, at [57].

Outcome

- [44] The circumstances outlined above justify an exception to s 86B(1) of the Act.
- [45] The application is granted and the following parts of proposed Plan Change 1 to the Christchurch District Plan have immediate legal effect on the date of issue of this decision:
 - (a) rule 4.1.4.1.5 NC2, marked Annexure A; and
 - (b) associated planning map 47A, marked Annexure B.

[46] Attached as Annexure C is the updated version of Exhibit D to the affidavit of M F Pollisco, which has been included by way of clarification because it shows the existing RM Areas and the proposed Woolston RM Area.

E Borthwick

Environment Judge

Annexure A

The following rule 4.1.4.1.5 NC2, in Plan Change 1 of the Christchurch District Plan, has legal effect from the date of this decision:

4.1.4.1.5 Non-complying activities

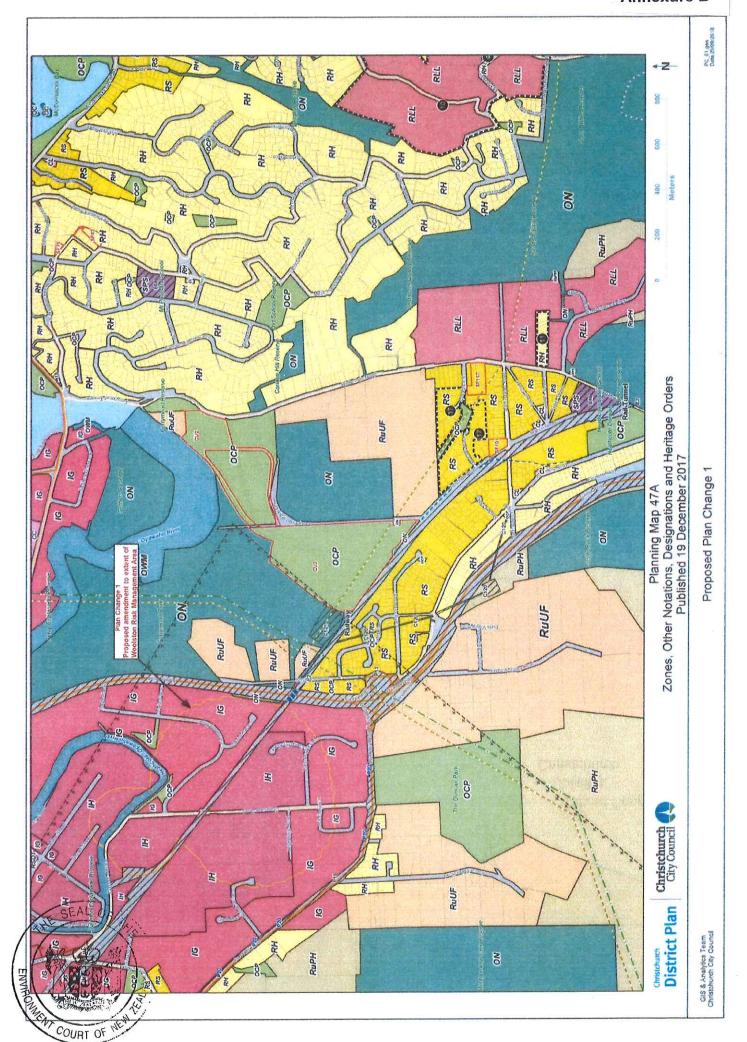
Activity

NC2 a. Any sensitive activity located within a <u>the Woolston</u> Risk Management Area. This rule shall cease to have effect by 31 March 2019.

Advice note:

The Woolston Risk Management Areas are <u>is</u> shown on Planning Map 47A. The
geographic extent of these areas may be subject to a future plan change to have effect
by 31st March 2019 and any such plan change would need to be based on the findings
of a Qualitative Risk Assessment.





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Christchurch City Council District Plan

Proposed Plan Change 1

Zones, Other Notations, Designations and Heritage Orders Published 19 December 2017

Dete 24/09/2018

GIS & Analytics Team Christchurch City Council

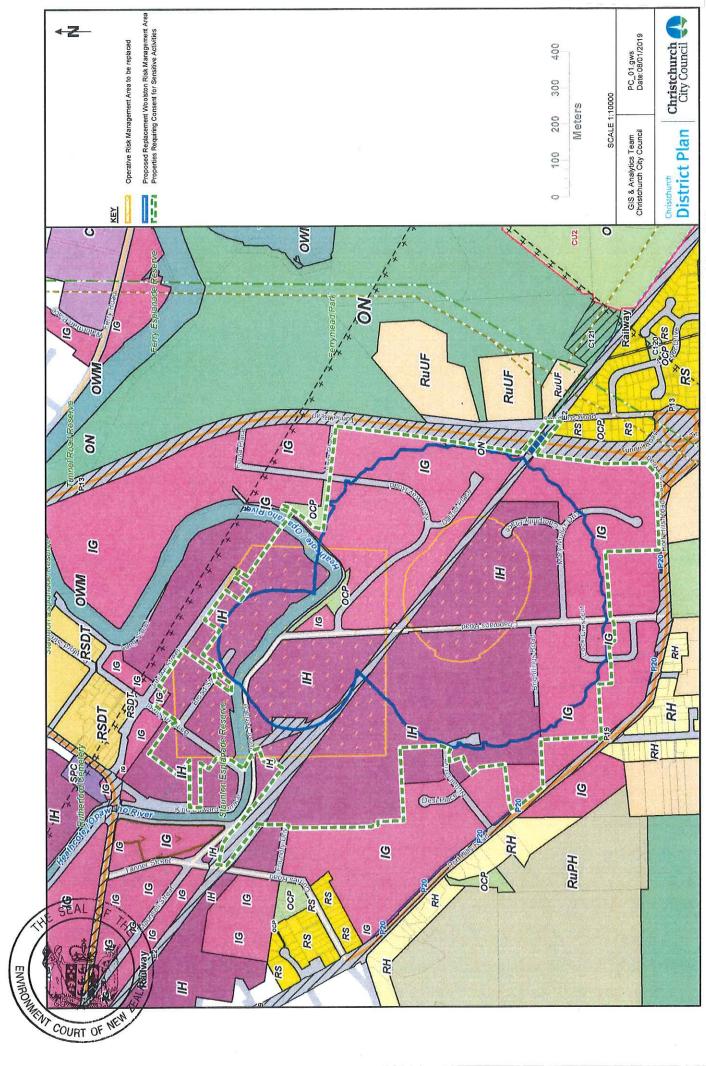
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Draft Plan Change 1 - Woolston Risk Management Area - Change to Planning Map 47A For Consultation Purposes Only.