

11 October 2019

Proposed National Policy Statement (NPS) for Highly Productive Land (HPL)

Executive summary

- In principle Wine Marlborough supports the objectives of the proposed NPS-HPL to:
 - recognise the full range of values and benefits associated with the use of HPL for primary production;
 - maintain its availability for primary production for future generations; and
 - protect it from inappropriate subdivision, use and development.
- The definition of primary production must include wineries, cellar doors and associated activities.
- Fragmentation and reverse sensitivity are important issues for the wine industry in Marlborough, the right to farm should be protected in the NPS-HPL.
- Wine Marlborough supports in principle the proposal that urban development should be avoided on highly productive land where other feasible options exist.
 - Future urban growth areas already identified by Marlborough District Council (MDC) and developers to the North-West of Blenheim must be excluded to allow for the increase in much needed housing.
- Regions that do not have an urgent need for change and where current policies largely meet the objectives of the NPS-HPL and NPS-UD should not be required to go through expensive and time-consuming plan change processes just to re-word our policies and rules.

Marlborough Wine Sector

Wine grapes are the largest horticultural crop in New Zealand. Marlborough has 27,471 hectares of vineyard area¹ and produced 77% of the total volume of grapes harvested in New Zealand in 2019². Marlborough is the main driver of New Zealand's \$1.83 billion export wine industry³ with New Zealand's signature variety, Marlborough Sauvignon Blanc. Marlborough's wine sector continues to experience steady growth.

The wine sector is the largest industry in Marlborough. We are a significant employer in Marlborough and contribute a very significant proportion of household incomes and regional GDP. One-in-five Marlburians are employed via the wine sector and Marlborough wine injects \$130 million of income into Marlborough households' pockets; 10.5% of total household income. The wine sector is 19% of Marlborough's GDP, (\$477 million) and this share is growing. To put this into

¹ Marlborough District Council, *figures as at 30/04/2018*.

² New Zealand Winegrowers, *Vintage Survey 2019*.

³ New Zealand Winegrowers, *Annual report 2019*.

context Dairy's contribution to Southland's GDP is 13%⁴ - the highest in country. This demonstrated wine's dominance and importance in the Marlborough economy. Wine's contribution to the Marlborough economy has grown by 300% since 2000. A summary of the key economic statistics is presented below⁵.

Key Stats	Value
Marlborough wine sector GDP	\$477 million
Marlborough wine sector as % of Marlborough economy	19%
Marlborough wine sector direct jobs	2,350
Wine sector direct employment in Marlborough	10%
Jobs in sectors supporting the Marlborough wine sector	2,500
Total jobs associated with the Marlborough wine sector	4,850
Wine sector's share of total employment in Marlborough	20%
Marlborough wine sector wages	\$130 million
Marlborough wine sector purchases from supplying sectors	\$695 million

Marlborough Winegrowers Association Incorporated (Marlborough Winegrowers) is the regional organisation for grape growers (510) and wine companies (141). Marlborough Winegrowers is governed by a 10-person Board elected by growers and wineries. Wine Marlborough Ltd is owned by Marlborough Winegrowers. New Zealand Winegrowers part-fund Marlborough Winegrowers through a levy on the sale of grapes collected under the Commodity Levies Act 1991 and a levy on the sale of wine under the Wine Act 2003. Marlborough Winegrowers is an independent member organisation, we are not part of or funded by Marlborough District Council or central government.

Support in principle objectives of the NPS-HPL

In principle Wine Marlborough supports the objectives of the proposed NPS-HPL to:

- recognise the full range of values and benefits associated with the use of HPL for primary production;
- maintain its availability for primary production for future generations; and
- protect it from inappropriate subdivision, use and development.

As mentioned above wine grapes are the largest horticultural crop in New Zealand. Highly productive land must be defined in a way that adequately captures the value of growing grapes on different types of soils and land. It is important that any NPS provides enough flexibility and guidance around this, so that when councils are identifying HPL in the region they can adequately take into consideration the value of grape growing as a productive use for the land.

The proposal also sets out optional considerations councils may take into account when identifying HPL. These criteria and optional considerations are important because they allow local authorities

⁴ NZIER report commissioned by the Dairy Companies Association of New Zealand, *How does the dairy sector share its growth 2018*.

⁵ NZIER, *Contribution of Wine to the Marlborough Economy*, 2017.

to take a broader view of HPL. These broader considerations should also take into account the importance of place in the identity of NZ wine captured in the concepts of terroir or turangawaewae. The unique characteristics of our region's soils contribute to our wine and have given us New Zealand's signature variety - Marlborough Sauvignon Blanc.

Primary production must include wineries, cellar doors and associated activities.

The definition of primary production must include wineries, cellar doors and associated activities. The wine industry in Marlborough (and elsewhere) needs the ability to locate wineries and cellar doors on HPL. There are a wide range of reasons why a winery should be able to be located near vineyards on HPL including the following (non-exhaustive) examples.

- Shorter distances from the vineyard to the winery reducing the amount of heavy trucks and slow moving harvesters on roads, less fossil fuels consumed, and fewer tonnes of carbon emitted.
- Grape marc⁶ can be green spread to adjacent vineyards, adding natural organic matter to soil and creating a closed loop for a by-product that may otherwise be treated as waste and transported elsewhere.
- Winery wastewater can be treated and used safely in adjacent vineyards rather than being disposed of in the town wastewater system.

The draft definitions (below) do not make it explicit that wineries and cellar doors are included in the definition of primary production and can be located on HPL.

5.5 Interpretation

The following draft definitions are proposed to assist in the interpretation and implementation of the proposed NPS objectives and policies. They would apply unless the context would otherwise require.

Primary production means:

- a. any agricultural, pastoral, horticultural, or forestry activities; and*
- b. includes initial processing, as an ancillary activity, of commodities that result from the listed activities in a); and*
- c. includes any land and buildings used for the production of the commodities from a) and used for the initial processing of the commodities in b); but*
- d. excludes further processing of those commodities into a different product.*

Winery cellar doors are an integral part of the business of many wineries. They provide an important channel to connect with consumers, contribute to tourism in Marlborough and provide significant employment. The operation of cellar doors is an important source of revenue for many small, family owned, boutique wineries.

⁶ Grape marc (pomace) is the grape skins, pulp, seeds and stalks leftover after grapes have been pressed for juice. Green spreading, dispersing a thin layer of grape marc in vineyards, is a highly effective and beneficial way of reusing this by-product of the winemaking process. Incorrectly stored grape marc can rapidly decompose producing a toxic leachate that has the potential to contaminate soil and water. Marlborough's grape harvest is over 300,000 tonnes and approximately 20% of that weight remains as grape marc to be utilised or disposed of. It is critical that Marlborough has multiple different options for using or disposing of grape marc including green spreading which relies on wineries being adjacent to vineyards including those on HPL.

Cellar doors benefit entire wine regions not just the individual wineries. Research by the University of South Australia showed that cellar doors are a powerful catalyst that lead to changes in visitor purchasing choices after the visit, they also have an effect on awareness and consumption of wines from the region. For wine regions the net gain of consumers who bought wine from the region after visiting a cellar door varies between 9% and 22% according to the research.

Unlike other retail premises which can be situated in a range of locations, the location of the cellar door at the winery is an integral part of the visitor experience. Some of New Zealand's licensing laws require wine sold at a cellar door to be made on the premises or that the grapes from which the wine is made must be harvested from the land on which the premises are situated. This means if your cellar door is at a different location from where your wine is made you will not be able to sell your wine.

Wine tourism is a growth area for New Zealand and the ability to have related tourism activities such as winery restaurants and cafes, vineyard tourism accommodation and facilities, etc. located on HPL near or on vineyards, wineries and cellar doors should be permitted. These tourism and hospitality elements are equally part of our industry's business activities, increasingly important to its commercial success, and they are typically closely connected to the HPL that grows the grapes.

"Wine tourism remains a key growth market for New Zealand's wineries," according to the Deloitte-ANZ Wine Industry Benchmarking and Insights survey. In 2017 total international visitor arrivals to NZ reached 3.2 million. Of those arrivals, 22 per cent visited a vineyard or winery, spending a total of \$NZ10 billion. Wine tourists spend 26% more than the average holiday visitor, stay longer (6 extra nights) and visit more regions (4.6 vs 3.5 regions) according to the International Visitors Survey 2017.

Reverse sensitivity, fragmentation and sensitive activities

Fragmentation and reverse sensitivity are important issues for the wine industry in Marlborough. Viticulture practices such as machinery noise, sprays, frost fighting (frost fans, helicopters) and bird scaring have the potential to be perceived negatively by neighbouring properties. The right to farm needs to be protected or small urban developments and/or lifestyle blocks can affect large rural areas.

The right to farm should be protected in the NPS-HPL. Marlborough needs more housing, particularly in Blenheim and urban growth is not just inevitable it is necessary to support the growth of the wine industry. Wine Marlborough supports providing direction to Councils about how to manage reverse sensitivity issues on HPL.

Fragmentation is a concern for the Marlborough wine industry. One example of how this could be managed are the MDC's policies and rules in the Marlborough Environment Plan to protect rural amenity (including primary production) and minimise fragmentation. Marlborough introduced provisions to limit subdivision on versatile soils in the Wairau Plain in 1997 and reported that implementation has been broadly successful. Subdivision under 8 hectares as a non-complying activity was successfully defended by Marlborough District Council in the Environment Court in the Calapashi Holdings Ltd versus Marlborough District Council case in 2005.⁷

Wine Marlborough has concerns about sensitive activities occurring in urban growth areas and the greater potential for reverse sensitivities. The urban growth area in the North-West of Blenheim includes development of a retirement village, early childhood education centre and in the future

⁷ Guidelines for Monitoring Land Fragmentation (2013), Landcare Research

may need a primary school to accommodate the growth in population. Normal viticulture activities such as noise from machinery, late night noise from frost fighting and sprays near retired people and young children could create reverse sensitivities. Similarly, a winery cellar door liquor licence could be put in jeopardy because in the future a school or early childhood education centre is build nearby. Wine Marlborough supports providing direction to Councils about how to manage reverse sensitivity issues in relation to sensitive activities on HPL.

Housing and urban development

Wine Marlborough supports in principle the proposal that urban development should be avoided on highly productive land where other feasible options exist, and Councils have clear guidance about this. In the Marlborough region housing supply is a priority, especially in Blenheim. Future urban growth areas already identified by MDC and developers to the North-West of Blenheim must be excluded to allow for the increase in much needed housing.

As the proposal says, HPL can provide significant economic and employment opportunities, but only if we have the infrastructure (e.g. wineries, cellar doors) and housing necessary to support these opportunities. Viticulture is a relatively labour-intensive activity relative to other types of farming. Access to labour, and the associated need for housing, is essential to industry and can outweigh the loss of a small amount of HPL. Development of suitable accommodation is one of the top priorities identified in the Labour Strategy for the Marlborough wine industry.

Marlborough has a considerable amount of highly productive land in relation to the overall size of the Blenheim urban area – especially compared with other major urban centres. NZ Winegrowers estimate an additional 5,000 ha of land in Marlborough is likely to be developed for viticulture by 2025. Approximately 200 ha has been identified to the North-West of Blenheim for urban growth in on HPL. The labour and housing needed to realise the significant benefits of these additional hectares is essential to industry and can outweigh the loss of a small amount of HPL. There is little point in protecting HPL for primary production if we do not have the labour force to farm it.

The Marlborough community will need to carefully balance our future urban growth needs with our production needs. There is a tension between the NPS-HPL to protect land and the HPS-UD to accommodate growth and exclude rules that don't constrain growth. Clarity and guidance from the two NPS's about how to manage these tensions is important. They should start by excluding areas that have already been identified for urban growth.

Blenheim is a good example of where the tension between NPS-HPL and HPS-UDC has real world implications. Blenheim urgently needs more suitable accommodation as identified in our Labour Strategy. Blenheim's expansion is restricted to the North by the Opawa River, to the East by liquefaction, to the South by the Wither Hills and to the West by Woodbourne Airport with RNZAF Base Woodbourne and the Omaka aerodrome (see Figure 1). Council and developers have identified an urban growth area to North-West of Blenheim which will include urban development on some LUC 1-2 land (see Figure 2). No other feasible options exist for Blenheim's expansion as explained above. In this situation local context should define what is appropriate.

Figure 1 – map showing Blenheim urban area in relation to HPL

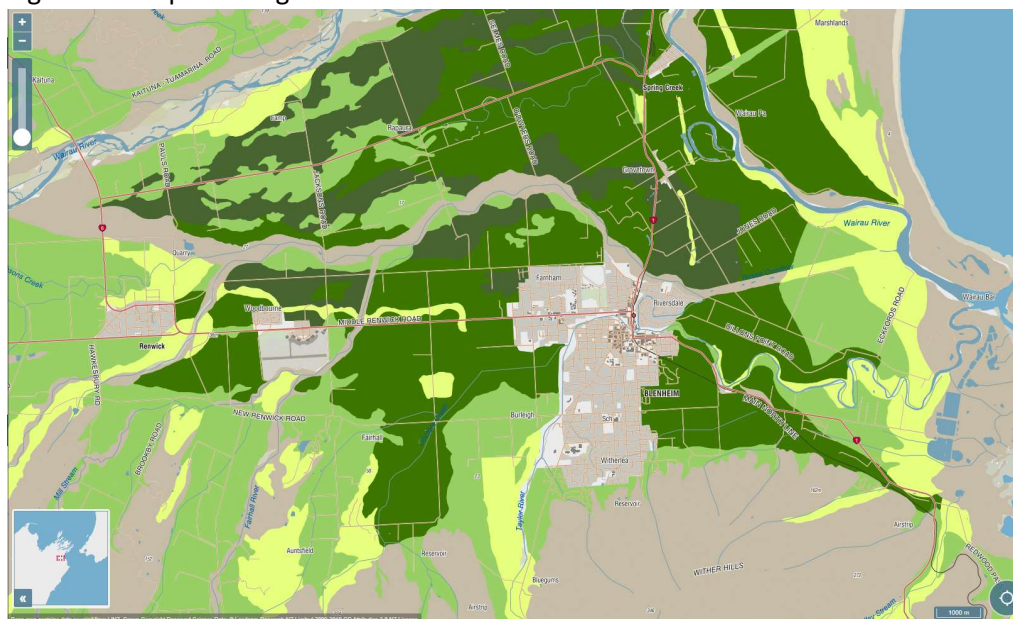
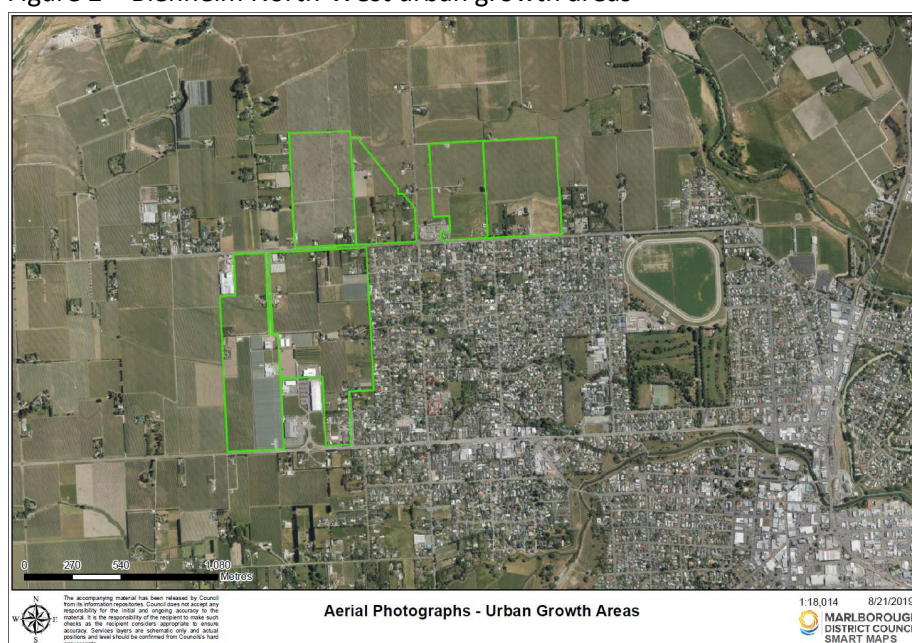


Figure 2 – Blenheim North-West urban growth areas



National vs. Regional need for NPS changes

Marlborough has just been through a multi-year process to develop and implement a new Marlborough Environment Plan (MEP). Wine Marlborough supports the need to protect HPL and there are policies and rules in the MEP (and operative plan) that specifically address these concerns. We understand that in other regions there are urgent issues that need addressing such as Pukekohe's HPL being swallowed by Auckland's urban sprawl. The NPS should identify a short list of regions where there is an urgent need for change and require those local authorities to act in the timeframes identified in the proposal. Other regions, without an urgent need for change and where current policies largely meet the objectives of the NPS-HPL and NPS-UD should not be required to go through expensive and time-consuming plan change processes just to re-word our policies and rules.

Poor consultation

We are disappointed with the approach to consultation in terms of timeframe, number of concurrent consultations, lack of availability of officials, lack of local meetings and time of year.

This consultation occurs during Spring, when farmers are exceptionally busy e.g. start of the growing season, calving, lambing, etc. It is one of 5 major consultations that effect the primary industries: water⁸, land⁹, waste¹⁰, housing¹¹ and hazardous substances¹². All 5 of these consultations have deadlines that fall within a 14-working day period that also clashes with school holidays when many parents and caregivers have no option but to take leave and be away from work!

Officials, who were travelling to Blenheim to conduct meetings with other stakeholders, refused to meet with winegrowers or their representatives and said if we wished to meet we would have to travel to Nelson to attend an evening public forum.

This submission represents the views of Wine Marlborough Ltd and may not necessarily represent the views of individual members.

Your sincerely,

A handwritten signature in black ink, appearing to read 'VB' followed by a stylized surname.

Vance Kerslake
Advocacy Manager
Wine Marlborough Ltd.

⁸ Action for healthy waterways, closing date for submissions 17 October 2019

⁹ National Policy Statement for Highly Productive Land, deadline for submissions 10 October 2019

¹⁰ Reducing harm from waste - product stewardship, deadline for submissions 04 October 2019

¹¹ National Policy Statement on Urban Development, deadline for submissions 10 October 2019

¹² Proposed improvements to assessments of hazardous substances, deadline 30 September 2019