



# SUBMISSION FORM – Proposed Plan Change 7(Water Permits) to the Regional Plan: Water for Otago

Form 5, Clause 6 of Schedule 1, Resource Management Act 1991

Office use only

Full name of submitter: Mr Arthur Ridge Vineyard Ltd

Name of organisation (if applicable): .....

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I wish ~~I do not wish~~ (circle preference) to be heard in support of my further submission.

If others made a similar submission, I **will** consider presenting a joint case with them at a hearing. (Delete if you would not consider presenting a joint case)

**Trade competitor's declaration** (if applicable)

I ~~could~~ could not (circle one) gain an advantage in trade competition from this submission

I am I am not (circle one) directly affected by an effect of the plan change that

- (a) Adversely affects the environment; and
- (b) Does not relate to trade competition or the effects of trade competition.

Signature of submitter: Mr Arthur Ridge Vineyard Ltd Date: 4 May 2020

(Or person authorised to sign on behalf of person making submission. Signature not required if you make your submission by electronic means)

**Please note that all submissions are made available for public inspection.**

**State what your submission relates to and if you support, oppose, or want it amended:**

(e.g. support rule 'x', or amend policy 'y')

See attached Appendix (7 pages)

**State what decision you want the Otago Regional Council to make:**

(e.g. amend policy 'y' to say....)

*Rejct to principles and policy' proposed*

**Give reasons for the decision you want made:**

(e.g. I want policy 'y' changed because...)

*See attached Appendix*

**Please attach any additional information.**

**SUBMISSIONS MUST BE RECEIVED BY 5.00 PM ON Monday 4 May 2020**

Post to	Otago Regional Council Private Bag 1954 Dunedin 9054
Email to	policy@orc.govt.nz
Deliver to	Otago Regional Council offices at: <ul style="list-style-type: none"> <li>▪ 70 Stafford Street, Dunedin</li> <li>▪ William Fraser Building, Dunorling Street, Alexandra</li> <li>▪ Terrace Junction, 1092 Frankton Road, Queenstown</li> </ul>
Online at	<a href="http://www.orc.govt.nz">www.orc.govt.nz</a>

**Please note:**

Please note that your submission (or part of your submission) may be struck out if the authority is satisfied that at least 1 of the following applies to the submission (or part of the submission):

- it is frivolous or vexatious:
- it discloses no reasonable or relevant case:
- it would be an abuse of the hearing process to allow the submission (or the part) to be taken further:
- it contains offensive language:
- it is supported only by material that purports to be independent expert evidence but has been prepared by a person who is not independent or who does not have sufficient specialised knowledge or skill to give expert advice on the matter.

Appendix A (7 pages)

## Submission to Otago Regional Council Plan Change 7

**Submitter** McArthur Ridge Vineyard Limited (MRVL)

### Background

#### Vineyard

- MRVL owns and operates a major component of the McArthur Ridge Vineyard located in Springvale Road and McArthur Road, Alexander
- Shareholders of MRVL constructed, developed and have managed the vineyard since its inception in 2002.
- The vineyard is located on (originally) some 800 ha of previously unproductive extremely low capacity grazing land.
- The vineyard now comprises 174 ha of fully producing Pinot Noir vines.
- Additional plantings are currently being undertaken this year of 9 ha with further expansion underway over the next 2/3 years to plant a further 40 ha for which significant Infrastructure is already installed and committed.
- This will result in 223 ha of planted vineyard being established within a 2/3 year period.
- Based on the latest data from NZ Wine 2019 Vintage Survey McArthur Ridge Vineyard represents
  - 11.8% of the total planted vineyard area (all varieties) of the Central Otago industry
  - 17.7% of the total production of Central Otago Pinot Noir
  - 6.1% of NZ total Pinot Noir production

- Accordingly McArthur Ridge vineyard is a **significant industry** in the Central Otago and New Zealand industry and economy, contributing to the following
  - 58 full time job equivalents
  - In excess of \$1.25M paid into the local economy in wages
  - In excess of \$4.7M paid annually direct to the local economy in operating costs
  - Some 120,000 case equivalents (12 pak) of Pinot Noir wine produced
  - Some \$20,000,000 in domestic and export receipts
- MRVL is currently implementing the construction of a state of art Pinot Noir winery located on the vineyard at a cost of in excess of \$3M for stage 1.

### **Water infrastructure**

- Prior to 2002 the property enjoyed an allocation of approximately 40 ha equivalent of irrigatable water (500,000 m<sup>3</sup> per annum) used entirely for border dyke irrigation over approximately 40 ha to the south of the take-off point (in Golden Road)
- upon the development of the vineyard as currently established this allocation (together with an additional allocation of approximately 43 irrigatable hectares) (550,000 m<sup>3</sup> per annum) now allows up to 250 ha to be irrigated and frost fought for viticulture purposes
- The water is discharged from the Manuherakia Irrigation Company Society Ltd (MICSL) race as per the roster system in to a Take Off dam with a capacity of 20,000 m<sup>3</sup> located in Golden Road.
- From the Take-off Dam the water is accurately measured through a flow meter and distributed to 2 large holding dams located within the property each with a capacity of 110,000 and 210,000 m<sup>3</sup> respectively
- from the holding dams the water is distributed through separate computerised fertigation monitoring systems for irrigation, and separately for frost fighting through monitored systems

## Vineyard Management

- MICSL holds the (current) Deemed Permits from the ORC for and on behalf of MICSL shareholders
- MICSL shareholding related to the McArthur Ridge vineyard is in turn held by individual landowners in a ratio related to that owners planted area to the total estates gross planted area
- Collectively the McArthur Ridge Vineyard Estate landowners utilise a management company called Strath Clyde Water Limited (SCWL) to manage the landowners interests directly related to the water assets only.
- In turn SCWL contracts with McArthur Ridge Water Management Ltd (MRWML) to operate the water system on a daily basis. The principles of which are shareholders in MRVL.
- The total vineyard estate has a regulated management system related to water to ensure its use is warranted, required, justified and in the best interest of the available asset
- The estate keeps accurate records of all matters related to the water asset
- MRVL has further implemented significant environmental management of its asset to ensure appropriate “best practice” is adopted within the vineyard operation to ensure
  - the best environmental outcome is achieved
  - enhancement of the soil is achieved
  - efficient use of water is achieved
- These processes include but not necessary limited to the following
  - minimal use of spray
  - extensive environmental native planting programs in and around the estate being undertaken
  - development of the largest wetland within the Central Otago area (as advised by Fish and Game)
  - soil monitoring and analysis to improve structure and content
  - minimal use of vehicles within the vineyard to avoid soil degradation

- monitoring and management of all waste material from the operation
- application of compost applied annually to the vineyard to minimise water evaporation and contain weed control

## **Plan Change 7**

### **General comment**

- The proposed outline of PC 7 as advised will have a serious devastating effect on the total going concern operation of McArthur Ridge Vineyard
- The certainty, security and ongoing viability of the water supply is vital to the total going concern of the enterprise.
- The proposed Change (as outlined) has significant and serious shortcoming related to the Environmental, Social and Economic wellbeing of the Central Otago area
- Without certainty as to tenure and availability of the current water supply the operation will cease.

### **General concerns**

- The McArthur Ridge Vineyard was a significant investment in excess of \$45M when developed in 2002.
- Assurances were given at that time by Officers of the ORC that the Deemed Permits would be reissued in 2021 as Resource Consents given (generally) the following were implemented
  - The water is used efficiently
  - Management and monitoring regimes were put in place at the commencement and managed ongoing over the enterprises operation
  - The enterprise was a viable business contributing to the Environmental, Social and Economic wellbeing of the community.
  - Sufficient storage dams were implemented as part of the day to day operation.
  - ORC accordingly issued Resource Consents for the storage dams

○ This has accordingly be achieved

- Prior to the vineyards development (under the prior ownership) a huge allocation of water was used solely for irrigating some 40 ha (only) of unproductive grazing land, equivalent to (0.2) full time work equivalents
- The MICSL management of the supply via the Manuherakia River has been exceptional well managed by MISCL to comply with its consent requirements
- The provision of significant storage dams within the McArthur Ridge vineyard have been a feature of the development and set a “trend” for future development of the greater area at that time.
- Monitoring on a daily basis has been a feature of the operation of the business and improvement of all environmental options are rigorously undertaken
- Operating within the current minimum flows imposed by the Council has achieved an outcome that meets the Environmental outcomes required.
- Security of tenure for water is paramount.
- Accordingly
  - a) A tenure of 6 years is totally unacceptable and will undermine investment in any enterprise which requires certainty as to access to a vital part of its operations  
A tenure of 35 years minimum for a Consent of this type is well entrenched as a reasonable time frame to fund invest and rely upon with good management decisions and performance.
  - b) Limiting expansion of irrigation areas has no sound principle as the allocation of water (currently) available will dictate what areas can be irrigated.  
The current allocation in respect of McArthur Ridge vineyard (for example) dictates that using standard Industry indices for irrigation and frost fighting allows a maximum area of 250 ha that can be planted.

If water is available from any future allocation there is no logic to reduce a planned area for irrigation

- c) The management of the Manuherakia River is important and natural science principles should be utilised to ensure the ecology of the rivers integrity is maintained for all time.

The ORC has failed to adopt “best practise” in this area and basing any credence to proposed minimum flows without this science is a totally flawed proposal.

Disclosure of that science would allow a meaningful interpretation of what is right for the river and environment to be assessed.

At present that is a major serious shortfall in the Councils proposal.

- d) PC 7 endeavours to actively reduce actual allocations through its methodologies.

There is no sound environmental basis or evidence (or indeed legal) basis for this to be invoked.

Investment in the rural sector will cease if an unknown “what if” reduction can be invoked without due basis, evidence and logic.

It will destroy the Central Otago economy.

## Conclusions

- The proposals outlined in PC 7 will have a devastating effect of McArthur Ridge Vineyard
- The unsubstantiated proposals relating to initially
  - Short Term consents
  - Limit expansion of irrigated areas given irrigation water is available
  - The ORC has failed in its obligations to research and provide evidence relating to (for example) science related to the effects of the river environment to enable it to come to a fair and reasoned outcome
  - A mandatory proposal to reduce allocation for no identified purpose other than create a “sinking lid” policy



- Other matters to be determined following more detail from the ORC which is not available from the proposals made in PC 7

are objected to as being a flawed process resulting in devastation of the McArthur Ridge Vineyard investment, notwithstanding the loss of jobs, export earnings and losing the opportunity to create significant environmental benefits to the environment and the community.

We opposed the proposal.

We wish to be heard in any Consultation and/or hearing process

Dated this 4<sup>th</sup> day of May 2020

