

**From:** [Nadine Daines](#)  
**To:** [RPS](#)  
**Cc:** [Kelvin Reid](#)  
**Subject:** Submission for Strath Clyde Water Ltd, McArthur Ridge Investment Group Ltd & Mount Dunstan Estates Ltd  
**Date:** Friday, 3 September 2021 12:22:44 p.m.  
**Attachments:** [Submission for Strath Clyde Water Ltd, McArthur Ridge Investment Group Ltd & Mount Dunstan Estates Ltd.pdf](#)

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Good afternoon

Please find attached a submission on the Proposed Otago Regional Policy Statement, filed on behalf of Strath Clyde Water Ltd, McArthur Ridge Investment Group Ltd and Mount Dunstan Estates Ltd.

Kind regards

**Nadine Daines**

Barrister

Canterbury Chambers | Level 11, Anthony Harper Building, 62 Worcester Boulevard,  
Christchurch

PO Box 9344, Christchurch 8149 | Phone: 021 204 6624

Please note my work hours are Mondays and Wednesdays 9.00am – 5.00pm and Tuesdays and Thursdays 9.00am – 2.30pm

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# Written Submission on Proposed Otago Regional Policy Statement 2021

*(Submissions must be received by Otago Regional Council by 3 pm Friday 3 September 2021)*

**To: Otago Regional Council**

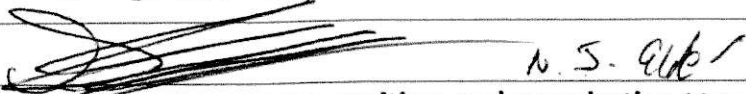
**1. Name of submitter**

**Strath Clyde Water Limited, McArthur Ridge Investment Group Limited and Mount Dunstan Estates Limited**

2. This is a submission on the **Proposed Otago Regional Policy Statement 2021**.
3. I **could not** gain an advantage in trade competition through this submission.
4. I **wish** to be heard in support of my submission.
5. If others make a similar submission, I **will** consider presenting a joint case with them at a hearing.

**6. Submitter Details**

**a. Signature of submitter**



**b. Signatory name, position, and organisation** *(if signatory is acting on behalf of a submitter organisation or group referred to at Point 1 above)*

*Name* **Norman Elder**

*Position* **Director and authorised person**

*Organisation* **Strath Clyde Water Limited**

**c. Date**

**3 September 2021**

**Address for service of submitter** *(This is where all correspondence will be directed)*

**d. Contact person** *(name and designation, if applicable)*

**Norman Elder**

**e. Email:**

**norman.elder@awslegal.co.nz**

**f. Telephone:**

**03 211 1352**

**g. Postal address (or alternative method of service under section 352 of the Act):**

**PO Box 1207, Invercargill**

## **Strath Clyde Water Limited, McArthur Ridge Investment Group Limited and Mount Dunstan Estates Limited**

1. Mount Dunstan Estates Limited (**MDEL**) manages 42ha of vineyard within the McArthur Ridge viticulture development. The land is managed on behalf of 13 individual landowners who either hold land in absentia or live on the vineyard. MDEL manages the landowners' grapevines, as well as another 20ha owned by McArthur Ridge Investment Group Ltd.
2. Every property owner within the McArthur Ridge vineyard development is a shareholder in Strath Clyde Water Limited (**SCWL**). MDEL has a 19% shareholding in SCWL and the remaining 81% is held by McArthur Ridge Vineyard Limited and McArthur Ridge Investment Group Limited.
3. SCWL was established to own the water infrastructure utilised by the McArthur Ridge vineyard development, and to manage water supply arrangements. The water infrastructure includes three large storage dams, extensive pumping equipment and a network of underground pipes supplying water across the development.
4. SCWL obtains water from the Manuherikia Irrigation Cooperative Society Ltd under Deemed Permit 2001.505.V1, allowing abstraction (north-east of Chatto Creek) of up to 2830 L/s and 244,512 m<sup>3</sup>/day. The water is used for irrigation and frost fighting across the vineyard development.

## **The McArthur Ridge Vineyard Development**

5. In total, the McArthur Ridge vineyard development comprises 237ha of land suitable for planting in grapevines. The vineyard is located on land that was originally unproductive, low capacity grazing land.
6. The vineyard now comprises 183ha planted in Pinot Noir vines, with further expansion planned.
7. The vineyard is significant in New Zealand's Pinot Noir industry, both in terms of total production and area planted in grape vines. The vineyard is about 9.5% of the total vineyard area in Central Otago and accounts for approximately 17% of the Pinot Noir crop produced in Central Otago.
8. The vineyard operation is an important contributor to the local and wider economy, through the employment of permanent and term staff; and through the purchasing of root stock, machinery, equipment and vineyard and winemaking services.
9. It is crucial for any viticulture business, including the McArthur Ridge vineyard, to have a reliable and adequate supply of water. Water must be available throughout the viticulture year for irrigation and for frost fighting,

and the water supply needs to be of sufficient volumes to meet the peak demands during the growing season and under drought conditions.

10. The availability of water affects many aspects of the business, including the quality of fruit produced, the volume able to be produced, and whether a consistent supply can be provided to wine producers who purchase the grapes.

#### **Submission Points**

11. This submission opposes the Proposed Otago Regional Policy Statement (**PORPS**) because it fails to provide direction on how Otago's land and water planning framework should provide for the needs of different primary sector producers. In particular, it does not provide sufficient direction on how to address the fraught issue of water allocation for consumptive uses in Otago, particularly for irrigation and frost fighting uses in over-allocated catchments like the Manuhereki River.
12. There should be greater policy direction in the PORPS in regard to promoting and providing for land and water uses that are efficient, have minimal impact on the environment, and that provide significant economic and social benefits. Viticulture is one example, and other uses could also fall into this category (for example, orchards).
13. There are factors specific to viticulture which mean it is an efficient and desirable use of land and water which should be supported:
  - a. Viticulture operations are highly efficient users of irrigation water. The amount of water used must be precisely determined to optimise vine health. Underwatering plants results in reduced yields and potentially loss of plants, while overwatering can cause excessive leaf growth, more expensive management practices, poorer grape quality and unnecessary pumping costs.
  - b. Vineyards also use water for frost fighting, when the demand is mostly outside of peak season irrigation demand.
  - c. Water quality effects resulting from the loss of nutrients from viticultural operations are very low, and less than for other uses such as pastoral farming. There are a number of reasons for this, including that viticultural land uses do not involve the grazing of animals; the nutrient requirements of vines are very low; viticulture does not require an annual application of fertiliser; and, as already mentioned, water is applied with a targeted and precision based system, it is not a broadcast application.
  - d. Viticulture has high positive economic and social returns per hectare and per volume of water used, with considerable added value via wine exports and tourism.
  - e. The industry body Sustainable Winegrowing NZ (SWNZ) has a strong and long standing focus on sustainability with six areas having been identified, namely water, waste, climate change, people, pest & diseases and soil.

14. However, viticulture has limited ability to respond to water rationing in dry years and no ability to respond to restricted access to water for frost fighting when this is required (if water is the chosen means to frost fight). Reliability of water supply is therefore critical to the industry and its commercial viability.
  
15. The PORPS recognises, in its summary of significant resource management issues, that a lack of freshwater can negatively impact on industries that rely on water, and the ability for these industries to mitigate the impact of this through water efficiency measures and innovation varies (p75). However, the objectives and policies of the PORPS provide no direction on how the competing needs of these water users should be prioritised, particularly in over allocated catchments.
  
16. This submission seeks that the PORPS is amended to provide an increased policy direction in relation to the above matters. Some specific amendments to existing provisions are included in the table attached to this submission, but additional objectives and policies will also be required to fully reflect the above issues.

Column 1	Column 2	Column 3	Column 4
<p><i>The <b>specific provisions</b> of the proposal that my submission relates to are:</i></p>	<p><i>I <b>support or oppose</b> the specific provisions or wish to have them <b>amended</b>.</i></p>	<p><i>The <b>reasons</b> for my views are:</i></p>	<p><i>I seek the following <b>decision</b> from the local authority:</i></p>
<p>Objective LF-VM-02-Clutha Mata-au FMU vision (p124)</p>	<p>Amend</p>	<p>Amend to include specific reference to the viticulture industry.</p>	<p>... (b) in the Dunstan, Manuherehia and Roxburgh rohe:</p> <ul style="list-style-type: none"> <li>(i) ...</li> <li>(j) Innovative and sustainable <i>land and water</i> management practices support food <u>and wine</u> production in the area and reduce discharges of nutrients and other <i>contaminants</i> to <i>water bodies</i> so that they are safe for human contact,...</li> </ul>
<p>Method LF-FW-M6 – Regional plans (p133)</p>	<p>Amend</p>	<p>The changes sought aim to give a coherent basis for resolving over-allocation. The Otago freshwater planning framework was found to be unfit for purpose in the 2019 review by retired Judge Skelton. A key reason for this finding was Otago’s failure to tackle over-allocation, especially allocation associated with deemed permits.</p> <p>Everyone involved in water use in Central Otago catchments like the Manuherehia is aware that resolving environmental (or minimum) flows <u>and</u> allocation of available</p>	<p>Otago Regional Council must publicly notify a Land and Water Regional Plan no later than 31 December 2023 and, after it is made operative, maintain that regional plan to:</p> <p>... 5. include limits on resource use that: a. ... b. for water bodies that have been identified as over-allocated, provide methods and timeframes for phasing out that over-allocation <u>that optimise reliability of primary allocation, with priority given to water uses that generally:</u></p>

		<p>water is difficult. There will inevitably be disparate views on how to 'divide a smaller pie'.</p> <p>A key principle is that any primary allocation should have reasonably high reliability. Simply pro-rating allocation across all existing users will leave everyone with low reliability water. Therefore, the proposed amendments to sub-clause 5b put reliability first.</p> <p>The purpose of the specific amendments sought is:</p> <ul style="list-style-type: none"> <li>5bi. To provide an integrated approach to considering the likely effects arising from the use of allocated water, with long-term sustainability the outcome.</li> <li>5bii. To recognise water scarcity.</li> <li>5biii. To optimise the economic and social benefits to the community from using a scarce resource.</li> <li>5biv. To recognise that crops with non-summer water needs, such as frost-fighting, can be provided water with less impact on critical low-flow periods.</li> </ul> <p>Clause 3.28 NPS Freshwater requires that:</p>	<ul style="list-style-type: none"> <li><u>(i) have a small environmental footprint in terms of greenhouse gas emissions, nutrient loss, sediment loss and microbial contaminant loss;</u></li> <li><u>(ii) use less water per hectare than other uses;</u></li> <li><u>(iii) provide greater economic return and associated employment per volume of water used;</u></li> <li><u>(iv) are able to use less water at times that coincide with seasonal low flows...</u></li> </ul>
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		<p>(1) Every regional council must make or change its regional plans to include criteria for:</p> <ul style="list-style-type: none"><li>(a) ...</li><li>(b) Deciding how to improve and maximise the efficient allocation of water (which includes economic, technical, and dynamic efficiency).</li></ul> <p>(2) Every regional council must include methods in its regional plan(s) to encourage the efficient use of water.</p> <p>It is therefore important that the PORPS sets out the strategic direction for the criteria that will be incorporated into Otago's new Land and Water Regional Plan in this regard.</p>	
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