Proposed National Policy Statement (NPS) on Urban Development (UD)

Executive summary

- In principle Wine Marlborough supports the objectives of the proposed NPS-UD to require councils to allow for growth and to ensure their rules do not unnecessarily constrain growth.
- Fragmentation and reverse sensitivity are important issues for the wine industry in Marlborough, the right to farm should be protected in the NPS-UD.
  - Wine Marlborough supports providing direction to Councils about how to manage reverse sensitivity issues.
  - Wine Marlborough supports providing direction to Councils about how to manage reverse sensitivity issues in relation to sensitive activities in the NPS-UD.
- Wine Marlborough supports the approach of targeting the most directive policies to New Zealand’s largest and fastest growing urban environments. The NPS-UD should avoid imposing significant costs on small local authorities with limited resources.
- Wine Marlborough would like to see a continuation of the requirements for Councils to monitor housing and business development market indicators on a quarterly basis, and to assess capacity for urban growth every three years.
  - Wine Marlborough recommends requiring all urban areas above a certain population size (possibly 20,000 people) to monitor housing and business development market indicators and to assess capacity for urban growth.
- Wine Marlborough thinks it is important to ensure a consistent approach to NPS-UD and the National Policy Statement on Highly Productive Land (NPS-HPL).

Marlborough Wine Sector

Wine grapes are the largest horticultural crop in New Zealand. Marlborough has 27,471 hectares of vineyard area\(^1\) and produced 77% of the total volume of grapes harvested in New Zealand in 2019\(^2\). Marlborough is the main driver of New Zealand’s $1.83 billion export wine industry\(^3\) 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.

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\(^1\) Marlborough District Council, figures as at 30/04/2018.
\(^3\) New Zealand Winegrowers, Annual report 2019.
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 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.

<table>
<thead>
<tr>
<th>Key Stats</th>
<th>Value</th>
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<tbody>
<tr>
<td>Marlborough wine sector GDP</td>
<td>$477 million</td>
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<tr>
<td>Marlborough wine sector as % of Marlborough economy</td>
<td>19%</td>
</tr>
<tr>
<td>Marlborough wine sector direct jobs</td>
<td>2,350</td>
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<tr>
<td>Wine sector direct employment in Marlborough</td>
<td>10%</td>
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<tr>
<td>Jobs in sectors supporting the Marlborough wine sector</td>
<td>2,500</td>
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<tr>
<td>Total jobs associated with the Marlborough wine sector</td>
<td>4,850</td>
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<tr>
<td>Wine sector’s share of total employment in Marlborough</td>
<td>20%</td>
</tr>
<tr>
<td>Marlborough wine sector wages</td>
<td>$130 million</td>
</tr>
<tr>
<td>Marlborough wine sector purchases from supplying sectors</td>
<td>$695 million</td>
</tr>
</tbody>
</table>

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 Urban Development**

In principle Wine Marlborough supports the objectives of the proposed National Policy Statement on Urban Development (NPS-UD) to require councils to allow for growth and to ensure their rules do not unnecessarily constrain growth.

Wine Marlborough thinks it is important to ensure a consistent approach to NPS-UD and the National Policy Statement on Highly Productive Land (NPS-HPL).

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

Target the largest and fastest growing urban environments

Wine Marlborough supports the approach of targeting the most directive policies to New Zealand’s largest and fastest growing urban environments. The NPS-UD should avoid imposing significant costs on small local authorities with limited resources.

Marlborough has just been through a multi-year process to develop and implement a new Marlborough Environment Plan (MEP). Wine Marlborough supports in principle the objectives of the proposed NPS to require councils to allow for growth, and to ensure their rules do not unnecessarily constrain growth. There are policies and rules in the MEP (and operative plan) that specifically address these concerns. Our largest and fastest growing urban environments should be the target of the most directive policies. Other regions, without an urgent need for change and where current policies largely meet the objectives of the NPS-UD, should not be required to go through expensive and time-consuming plan change processes just to re-word our policies and rules.

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.

Wine Marlborough believes the example policy below needs to be strengthened so that the right to farm is protected or small urban developments and/or lifestyle blocks can affect large rural areas.

Example policy: When considering a plan change that enables urban development that is not otherwise enabled in the plan, local authorities must provide for urban development when all of the following apply:

d. Reverse sensitivities are appropriately managed within and adjacent to the location or locations that are the subject of the plan change.

The right to farm should be protected in the NPS-UD and 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.

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 2005.6

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 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

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6 Guidelines for Monitoring Land Fragmentation (2013), Landcare Research
be put in jeopardy because in the future a school or early childhood education centre is built nearby. Wine Marlborough supports providing direction to Councils about how to manage reverse sensitivity issues in relation to sensitive activities in the NPS-UD.

**Evidence for good decision-making**

Wine Marlborough would like to see a continuation of the National Policy Statement on Urban Development Capacity (NPS-UDC) requirements for Councils to monitor housing and business development market indicators on a quarterly basis, and to assess capacity for urban growth every three years.

Blenheim was classified as experiencing a medium level of urban growth. This has required Marlborough District Council to produce quarterly reports measuring indicators for residential and business development activity and a three-yearly Housing and Business Development Capacity Assessment for the Blenheim urban area.

Wine Marlborough has noticed a significant improvement in focus, informed discussion and commitment from Councillors and Council officials as a result of having robust and up-to-date information to inform planning decisions.

Based on the experience in Marlborough Wine Marlborough strongly supports the continuation of these requirements. Ironically, due to changes in the definition Blenheim would no longer be a “medium growth urban area” as defined by the NPS-UDC. While we understand that local authorities might want to avoid the cost of preparing these reports, in our experience the benefits have far outweighed the costs (between $150,000 to $500,000 per urban area according to the Regulatory Impact Statement).

An example of the benefits is contained in the Blenheim urban area Housing and Business Development Capacity Assessment. MDC identified that only 2% of Blenheim’s rental stock was occupied by workers participating in the Recognised Seasonal Employer (RSE) scheme. This dispelled a long-held myth about Marlborough that the shortage of affordable rental accommodation was a direct result of high numbers RSE workers occupying rentals and forcing out locals. The assessment also identified significant investment in high-quality, purpose-built accommodation for RSE workers in Marlborough: 1,050 beds already built and an addition 1,004 under development. This addressed concerns raised by the Minister of Immigration in a 2018 Cabinet paper about a lack of accommodation for RSE workers in Marlborough. This paved the way for an increase in the number of RSE workers allocated to Marlborough where there is a long-standing labour shortage.

Wine Marlborough recommends requiring all urban areas above a certain population size (possibly 20,000 people) to monitor housing and business development market indicators and to assess capacity for urban growth.

**Providing for further greenfield development**

Wine Marlborough thinks it is important to ensure a consistent approach to NPS-UD and the NPS-HPL. We see a tension between the NPS-HPL which seeks to protect land, and the HPS-UD that seeks to accommodate growth and ensure rules don’t constrain growth. In this situation local context should define what is appropriate. Clarity and guidance from the two NPS’s about how to manage these tensions is important.

The proposed NPS-HPL does not intend the absolute protection of highly productive land, or that there should be no net loss of such land in a region or district. Rather, the aim is to require local
authorities to consider the value of this resource in their region or district both now and in the future.

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 on HPL. The labour and housing needed to realise the significant benefits of these additional hectares is essential to industry and outweighs 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.

**Poor consultation**

We are disappointed with the approach to consultation in terms of timeframe, number of concurrent consultations 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: water\(^7\), land\(^8\), waste\(^9\), housing\(^10\) and hazardous substances\(^11\). 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!

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

Your sincerely,

Wine Marlborough Ltd.

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\(^7\) Action for healthy waterways, closing date for submissions 17 October 2019
\(^8\) National Policy Statement for Highly Productive Land, deadline for submissions 10 October 2019
\(^9\) Reducing harm from waste - product stewardship, deadline for submissions 04 October 2019
\(^10\) National Policy Statement on Urban Development, deadline for submissions 10 October 2019
\(^11\) Proposed improvements to assessments of hazardous substances, deadline 30 September 2019