

# Your submission to Zero Carbon Bill

DairyNZ

## Reference no: 11259

**Submitter Type:** Business / Industry

### Clause

1. What process should the Government use to set a new emissions reduction target in legislation?

### Position

The Government sets a 2050 target in legislation now

### Notes

DairyNZ has long been supportive of the dairy sector playing its part in helping New Zealand meet its international climate change obligations. While the proposed Zero Carbon Bill presents a number of challenges, we agree that enshrining targets in legislation will provide much needed certainty for our farmers regarding the dairy sector's emissions reduction pathway. We want to see all sectors aligned and accountable towards a common goal which will see New Zealand transition towards a low emissions economy. We support and welcome the Government's commitment to planning early and avoiding sudden change. This will allow all sectors to transition over time.

### Clause

2. If the Government sets a 2050 target now, which is the best target for New Zealand?

### Position

Net Zero Long-Lived Gases and Stabilised Short-Lived Gases - Long-lived gases to net zero by 2050 while also stabilising short-lived gases

### Notes

DairyNZ supports the adoption of a split gas target in accordance with scientific evidence. In order to stay below a 2-degree Celsius warming threshold above pre-industrial levels by 2100, as agreed in the Paris Agreement, carbon dioxide (as a priority) and nitrous oxide must both go to net zero. Although current science shows that methane does not need to be reduced to zero because it is a short-lived gas, there is growing evidence that due to its potency, it must be stabilised at a decreased level if we are to limit warming in the short-term. We are committed to working with the Government and other livestock sector stakeholders to determine the level at which methane could and should be stabilised.

### Clause

3. How should New Zealand meet its targets?

### Position

Domestic emissions reductions (including from new forest planting) and using some emissions reductions from overseas (international carbon units) that have strong environmental safeguards

### Notes

To meet our targets, DairyNZ supports an approach which prioritises domestic emissions reductions and offsets, but includes the use of some high quality and credible international carbon units to limit shocks to New Zealand's economy, and allow for a fair and just transition to a low emissions future. As the Discussion Document notes, the transition to a low emissions economy will create bigger challenges for some sectors than others. The primary sector is clearly one of the sectors where significant heavy lifting will be required. In view of this, DairyNZ considers that it is essential that the Government and the Interim Climate Change Committee work closely with the primary sector on the development of a package of complementary policy mechanisms to reduce agricultural emissions. Securing access to high quality international carbon credits and improving the strategic focus and operational performance of the Emissions Trading Scheme are an important part of the policy mix. However, there is a strong case for taking the policy conversation around complementary measures much broader than this and including consideration of mechanisms such as a National Environmental Standard for Agricultural Greenhouse Gases, voluntary Government-Industry Greenhouse Gas Agreements, and off-setting and afforestation schemes. The potential to use the international credits earned through the transfer of New Zealand's farm system technologies and management expertise should also be explored.

### Clause

4. Should the Zero Carbon Bill allow the 2050 target to be revised if circumstances change?

### Position

No

### Notes

DairyNZ believes it is essential that the Zero Carbon Bill provides dairy farmers with a high degree of certainty regarding the Government's expectations so they can make confident decisions regarding opportunities to improve the sustainability of their farm businesses, and help safeguard the well-being of their local communities. However, we also recognise the importance of preserving some ability to adjust the 2050 target to respond to unforeseen economic shocks and volatility under a narrow range of predetermined conditions.

**Clause**

5. The Government proposes that three emissions budgets of five years each (i.e. covering the next 15 years) be in place at any given time. Do you agree with this proposal?

**Position**

Yes

**Notes**

DairyNZ agrees with the analysis in the Discussion Document that emissions budgets should be of 5 years duration because this provides certainty for our dairy farmers and their local communities, while retaining some flexibility for the future.

**Clause**

6. Should the Government be able to alter the last emissions budget (i.e. furthest into the future)?

**Position**

Yes - the third emissions budget should be able to be changed but only when the subsequent budget is set

**Notes**

DairyNZ's support for the proposal to adjust the third year emissions budget is subject to some conditions. As previously mentioned, we believe it is essential that dairy farmers operate in a predictable and certain business environment. Climate change is a long-term issue which needs to be tackled in a coherent and consistent way with minimal interference from the current 3-year political cycle. While our preference is for long-term certainty, we recognise the importance of preserving some flexibility in the short-term. However, our expectation is that any adjustments to the third emissions budget would be relatively minor, and would only occur when setting the fourth budget.

**Clause**

7. Should the Government have the ability to review and adjust the second emissions budget within a specific range under exceptional circumstances? See p36 Our Climate Your Say

**Position**

Yes

**Notes**

DairyNZ recommends that, in order to maintain momentum during the early stages of the emissions budget cycle, the second budget should only be adjusted in response to unforeseen economic shocks and volatility under a narrow range of predetermined criteria.

**Clause**

8. Do you agree with the considerations we propose that the Government and the Climate Change Commission take into account when advising on and setting budgets? See p44 Our Climate Your Say

**Position**

Yes

**Notes**

DairyNZ agrees with the proposed considerations outlined in the Discussion Paper. In addition, we recommend that the list should be broadened to include the "rural proofing" criteria that the Ministry for Primary Industries applies when determining the costs/benefits of proposed policy initiatives on the rural sector. These criteria include impacts on: (i) connection infrastructure, (ii) access to services, and (iii) ease and cost of compliance.

**Clause**

9. Should the Zero Carbon Bill require Governments to set out plans within a certain timeframe to achieve the emissions budgets?

**Position**

Yes

**Notes**

DairyNZ strongly supports this proposal. It is imperative that each sector of New Zealand's economy understands how the Government intends to meet each carbon budget, and what is expected of each sector for it to do so. This is necessary to provide businesses with the certainty they need when factoring in climate change mitigation and adaptation into their strategies.

**Clause**

10. What are the most important issues for the Government to consider in setting plans to meet budgets? For example, who do we need to work with, what else needs to be considered?

**Notes**

DairyNZ considers that the Government, regional councils, businesses, and industry good organisations across all sectors all have a role to play in driving the change necessary for New Zealand to meet its emissions budgets. Consequently any plans must: (i) Provide a clear outline of the actions expected across all sectors of New Zealand's economy. This could take the form of sector-specific plans detailing the actions each sector must take over the short term in order to meet each five yearly emissions budget. (ii) Be based on strong scientific evidence, and take into consideration the rate and timeframe of the actions to ensure the plan is achievable. In supporting this approach, DairyNZ would seek to work with the wider agricultural sector, the Government, and the Climate Change Commission (on its establishment) on ensuring that: (a) There is sufficient flexibility on how New Zealand meets the 2050 target to enable international credits earned through the transfer of our farm system technologies and management expertise to other countries to be used. (b) The national policy frameworks for greenhouse gas emissions, nutrient management, biodiversity, and land-use change are addressed in an integrated way rather than on an issue-by-issue basis. (c) The actions farmers are undertaking to

improve New Zealand's water quality outcomes and the greenhouse gas emissions profile are recognised and captured via transitional arrangements. (d) A comprehensive Innovation and Diffusion Strategy is developed to secure Government and industry commitments to continue co-investing in the breakthrough technologies being developed by the New Zealand Agricultural Greenhouse Gas Research Centre and the Pastoral Greenhouse Gas Research Consortium. This would help address some of the most pressing barriers to the uptake of new technologies and practices (e.g. capital constraints and information gaps). (e) The implementation of the 1 Billion trees programme accelerates the delivery of the proposed climate change framework's objectives.

**Clause**

11. The Government has proposed that the Climate Change Commission advises on and monitors New Zealand's progress towards its goals. Do you agree with these functions? See p42 Our Climate Your Say

**Position**

Yes

**Notes**

DairyNZ agrees with the proposal that the Climate Change Commission advises on and monitors New Zealand's progress towards its goals, and does not have decision-making powers. Setting up an independent Climate Change Commission to recommend and monitor emission budgets and implementing a system where the Government establishes processes and policies to meet these budgets, will provide policy certainty and clarify what the dairy sector and the broader economy's transition entails.

**Clause**

12. What role do you think the Climate Change Commission should have in relation to the New Zealand Emissions Trading Scheme (NZ ETS)?

**Position**

Advising the Government on policy settings in the NZ ETS

**Notes**

DairyNZ agrees with the proposal that the Climate Change Commission advises the Government on policy settings in the NZ Emissions Trading Scheme (ETS), and should not have decision-making powers. In regard to whether agricultural emissions should face a price in the ETS, DairyNZ is supportive of the process being led by the Interim Climate Change Committee determining the short and long-term objectives and the type of mechanism which could be introduced to address biological methane and nitrous oxide emissions. We hope to work with the Committee, the Commission, the wider sector, and Government to define the outcomes and explore the merits of the ETS alongside a range of other policy mechanisms.

**Clause**

13. The Government has proposed that Climate Change Commissioners need to have a range of essential and desirable expertise. Do you agree with the proposed expertise? See p45 Our Climate Your Say

**Position**

No

**Notes**

Since the dairy and transport sectors are New Zealand's two largest emitters, it is essential that the Committee has members with specific expertise in these areas. In relation to dairy sector representation, DairyNZ recommends the Committee should have a member with a deep level of farm systems knowledge. This is essential in order to understand the impact that different emission mitigations may have on farm systems, and the sustainability of farm businesses.

**Clause**

14. Do you think the Zero Carbon Bill should cover adapting to climate change?

**Position**

Yes

**Notes**

To date, climate change policy discussions have largely focused on opportunities to reduce greenhouse gas emissions. Although the importance of developing strategies to improve resilience and lower the risks presented by climatic change is well understood, policy work in this area is less advanced and highly fragmented. The Zero Carbon Bill presents an opportunity to both accelerate and fully integrate work in this area.

**Clause**

15. The Government has proposed a number of new functions to help us adapt to climate change. Do you agree with the proposed functions? See p47 Our Climate Your Say

**Position**

Yes

**Notes**

DairyNZ welcomes and supports the development of a Risk Assessment and National Adaptation Action Plan. We believe that, regardless of the target chosen, New Zealand needs to be planning for a different climate. We would like the Plan to be based on strong scientific evidence, providing robust information, and raising awareness among industry and the public. Effective adaptation will not happen by individual sectors working alone. We would like to see sector-specific plans in place, that each underpin the National Adaptation Plan. While regional and sector differences will exist, we recognise the need for a cohesive nationwide plan that all sectors will be accountable for implementing and reporting on regularly. This will ensure greater alignment of priorities across sectors. We would also like to see the role/actions each sector can take in adaptation clearly outlined, and how these actions/roles interlink with the wider economy and the overall national approach. An adaptation plan should include mitigation, as these two

components together will ensure all sectors can transition overtime. DairyNZ is very supportive of the development of a monitoring programme to report on progress of the National Adaptation Plan.

**Clause**

16. Should we explore setting up a targeted adaptation reporting power that could see some organisations share information on their exposure to climate change risks?

**Position**

Yes

**Notes**

DairyNZ agrees there is value in having a regional and sector-specific framework in place for assessing climate change risks. We are incorporating adaptation into stage two of our Dairy Action for Climate Change plan, and DairyNZ remains strongly committed to providing robust, timely, and evidence-based information to our farmers regarding the challenges (and indeed the opportunities) that climate change presents.