

# **Consultation on the Zero Carbon Bill**

**Ravensdown Submission to the  
Ministry for the Environment**

**19 July 2018**



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## Contact Details

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# Consultation on the Zero Carbon Bill

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## About Ravensdown

Ravensdown is a co-operative connected in countless ways to food creation in this country. The company exists to enable smarter farming for a better New Zealand. We achieve this by providing products, expertise, and technology to help farmers reduce environmental impacts and optimise value from the land.

We have the largest farm environmental consultancy and employ the most certified Nutrient Management Advisors in New Zealand. Through this advice and our investment in nutrient modelling tools such as OVERSEER, we seek to mitigate impacts at a farm and catchment level and encourage Good Farming Practice.

As a recent initiating member of the Climate Leaders Coalition and part of the Sustainable Business Council, Ravensdown is determined to tackle its own carbon emissions and other impacts. Our greenhouse gas emissions are particularly influenced by the international shipping requirements of bringing bulk nutrients to New Zealand for its soils. We are a member of the Fertiliser Association of New Zealand, which actively engages in the environmental stewardship of the fertiliser industry.

The co-operative spends millions of dollars on research into ways farming can reduce its impacts such as a Primary Growth Partnership into making aerial spreading capable of avoiding environmentally sensitive areas and new technology to transform the dairy sector's water use and effluent management.

In August 2017, Ravensdown threw its weight behind the "Water Pledge" which was signed by several prominent agri-sector leaders as a commitment to swimmable waterways. We are in lockstep with the agencies and ministries who have come together to develop the action plan for water quality that arose out of the Land and Water Forum. We aim to help our customers maximise nutrient efficiency; so we focus on losses that can occur and recommend a sweetspot of the right rate of the right fertiliser in the right place and time.

Ravensdown has three superphosphate manufacturing plants in New Zealand, each with its own sulphuric acid plant. We import, manufacture, blend and distribute over 1.2 million tonnes of fertiliser per year which is close to half of the country's fertiliser needs. The company also owns and operates nine lime quarries. Other services and products include analytical laboratories, mapping technology that farmers use to demonstrate compliance, agrichemicals, animal health, seed, ground and aerial spreading and tow-behind sprayers, spreaders and pasture measurement. Coated smart fertilisers are enabling farmers to reduce their nitrous oxide emissions.

Thank you for the opportunity to provide feedback to the ministry for the Environment on the discussion document.

Yours sincerely



Greg Campbell

Chief Executive Officer

## Ravensdown facts

- 23,000 farmer shareholders across New Zealand
- \$3.75m in research and development (three year average)
- 642 employees, operating cashflow of \$60m and supplying a million tonnes of nutrients to help farmers feed humans and livestock

NB Both the Sustainable Business Council and the Fertiliser Association are making submissions in response to the Zero Carbon Bill Discussion Document. While we have contributed to and support those submissions, this submission is specifically from Ravensdown Limited so may have some slight differences to those from the industry bodies we are connected with.

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

Pick one:

- the Government sets a 2050 target in legislation now
- the Government sets a goal to reach net zero emissions by the second half of the century, and the Climate Change Commission advises on the specific target for the Government to set later.

### Optional comment

- 1.1 There is a commitment to the Paris Accord for meeting New Zealand's Nationally Determined Contribution. It is understood that Article 4.1 of the Agreement expresses an expectation that all countries strive to achieve net zero emissions in the second half of this century, and there is an expectation that countries will set progressively ambitious emission reduction targets beyond 2030.
- 1.2 A target helps establish long-term signalling, and provides for clear direction following good process. For business certainty to be provided, it requires firm enduring signals.
- 1.3 A Climate Change Commission can provide information and recommendations for a budget based on science and trade information. As discussed below, we do support targets being reviewed as there needs to be cross party support and agreement for direction beyond the election cycle when Government sets a target. Targets should be reviewed and revised as new mitigation technologies are developed and proven, and as international competitors take decisions on adoption of climate change commitments for biological emissions.

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

Pick one:

- net zero carbon dioxide: Reducing net carbon dioxide emissions to zero by 2050
- net zero long-lived gases and stabilised short-lived gases: Long-lived gases to net zero by 2050, while also stabilising short-lived gases
- net zero emissions: Net zero emissions across all greenhouse gases by 2050.

### Optional comment

- 2.1 While Option 3, the most ambitious option of achieving net zero emission for all gases by 2050, is laudable, there remains a great deal of uncertainty about the actions required to achieve this. The mitigations for biological emissions to achieve this are also uncertain.
- 2.2 These uncertainties introduce significant economic and social risk. It is essential to maintain economic well-being while achieving the greenhouse gas targets, and for the most efficient food producers (including New Zealand) to be able to feed the growing global population for the least carbon emitted.
- 2.3 For these reasons, Option 2 is favoured as a goal because it enables some degree of flexibility in the transition.

# 2050 target

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## 3. How should New Zealand meet its targets?

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Pick one:

- domestic emissions reductions only (including from new forest planting).
- ✓ • domestic emissions reductions (including from new forest planting) and using some emissions reductions from overseas (international carbon units) that have strong environmental safeguards.

### Optional comment

3.1 To ensure food security into the future, it is also important to recognize the value of efficient emissions. (ie, emission expressed on an "intensity" basis, e.g. CO<sub>2</sub>-e per unit production). It may be more beneficial to the world GHG inventory for NZ to keep efficiently producing food and source international credits.

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

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Pick one:

- yes
- ✓ • no

### Optional comment

- 4.1 Ravensdown seeks predictability for long term planning. This is assisted by predictable policy and regulatory settings on climate change. The only reasoning for revisiting would be under extreme circumstances.
- 4.2 Business does not like risk and uncertainty particularly when it comes to capital expenditure of over ten years' duration.

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

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Pick one:

• yes

• no

### Optional comment

- 5.1 Fifteen years of carbon budgets helps provide business with greater investment predictability.
- 5.2 Five year cycles are also useful as it decouples carbon budgets from election cycles.

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## 6. Should the Government be able to alter the last emissions budget (ie, furthest into the future)?

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Pick one:

- yes, each incoming Government should have the option to review the third budget in the sequence
- yes, the third emissions budget should be able to be changed, but only when the subsequent budget is set
- no, emissions budgets should not be able to be changed

### Optional comment

- 6.1 Ravensdown acknowledges that circumstances will inevitably change and that some flexibility for Government is required.
- 6.2 Furthermore, despite the GHG mitigation requirements, the implications on New Zealand's economy and global food security are also still in development.  
There must be some safeguards in place if a successful economy is to be protected.
- 6.3 Therefore, for the reasons given above the government of the day, should have the opportunity to review and revise targets. Having accepted this principle however, it is important that there are also multi-party, long-term agreements and commitments by different political parties to the approach to be taken on climate change. This remains a multi-generational issue.

# Emissions budgets

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**7. Should the Government have the ability to review and adjust the second emissions budget within a specific range under exceptional circumstances?**

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Pick one:

• yes

• no

**Optional comment**

For similar reasons to the response to Question 6, Ravensdown believes adjustments can be made BUT only in exceptional circumstances.

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**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?**

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Pick one:

• yes

• no

**Optional comment**

Yes – but considerations should also include:

- The global flow-on effects in relation to world GHG emissions based on the consequences of NZ policy. For example, if food production moves from New Zealand to a less carbon efficient production system offshore, more carbon is emitted globally.
- The relative pace of change and carbon reduction of other countries we trade with or compete strongly with in export markets.
- Consideration of research outcomes on mitigation potential (particularly in agriculture).

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

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Pick one:

• yes

• no

### Optional comment

Slow delivery from Government in providing clarity on important policy has in the past slowed implementation, so having a legislative timeframe to be held to account on is important.

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## 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?

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### Comment

Meeting emissions budgets must consider:

- Opportunity for meaningful reductions
- Opportunities for the most rapid reductions while maintaining our economic base
- Risks of leakage (emissions simply moving overseas to production which is less efficient from a GHG emissions perspective)
- Economic well-being for New Zealand (any significant impact on standard-of-living, education, health and economic security will inevitably undermine any emissions reduction plan)
- Effective ongoing engagement with business to inform each plan
- Changing scientific knowledge about climate change including alignment with the changes in New Zealand's Nationally Determined Contribution
- Increased investment in innovation, especially as the levels of emissions pricing increase
- Availability of technological solutions, including in agriculture where legitimate mitigation research investment can be offset against the company's carbon liability
- Strengthening the role of central and local government goods and services procurement to include low emissions criteria
- Requiring/publishing up-to-date data that includes economic, environmental and social impacts and reflects the true costs of climate change to New Zealand
- The fiscal implications and social impacts (along with the mechanisms to ensure a just transition)
- Obligations under the Treaty of Waitangi including consulting with tangata whenua

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## 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?

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Pick one:

• yes

• no

### Optional comment

11.1 Position as independent Advisory Body similar to PCE Office.

11.2 A mechanism that seeks the Government to justify why it chooses to deviate from CCC advice would also aid transparency.

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

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Pick one:

• advising the Government on policy settings in the NZ ETS

• makes decisions itself, in respect of the number of units available in the NZ ETS.

### Optional comment

12.1 As an economic lever, with significant costs and potential benefits, it is important Government has the ultimate responsibility to set the ETS parameters.

12.2 Given a multi-party commitment to addressing climate change uses a programme which must span several election cycles, it is appropriate and reasonable that there is a high level of accountability required from Parliament when it is making decisions based on recommendations from a Climate Change Commission.

12.3 Therefore, while decisions should rest with Parliament, publicly available and documented rationale and justification for the climate change decisions made by Parliament, should be required.

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## 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?

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Pick one:

• yes

• no

### Optional comment

The range of proposed expertise needs to be broadened further to ensure it includes Commissioners who have been practitioners in managing high emissions trade exposed businesses.

# Adapting to the impacts of climate change

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

Pick one:

- yes
- no

### Optional comment

14.1 While it is prudent to consider and provide for the requirements for adaptation to changes in climate, Government organisations are currently addressing adaptation to climate change outside the requirements of the new Zero Carbon Bill.

14.2 Companies and private businesses will need flexibility to respond to signals and new climate change initiatives.

14.3 Government is the largest investor in essential infrastructure and town planning. There is support for government organisations planning and providing for adaptation, outside the Zero Carbon Bill.

## 15. The Government has proposed a number of new functions to help us adapt to climate change. Do you agree with the proposed functions?

Pick one:

- yes
- no

### Optional comment

This function could be considered directly in relation to central and local government activities, but should resist trying to determine how the private sector will adapt. It is likely more risk will be carried by individual and business over time as certain assets become uninsurable, and therefore un-bankable.

## 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?

Pick one:

- yes
- no

### Optional comment

Ravensdown does not agree with additional reporting requirements for all of business on adaptation. Business have limited resources to invest in reporting climate action. Increasing the burden of reporting diverts focus from working at a strategic level with the Board and Executive teams on managing climate risk. This makes creating conditions for change within business less rather than more likely.

**ravensdown** 

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