Action on Agricultural Emissions

Public consultation on policy proposals to address agricultural greenhouse gas emissions
Our session today

Proposals on agricultural emissions

Ask questions

Have your say
Setting the scene for consultation
Impacts of climate change

- Temperature change
- Coastal changes
- More wind
- Changing snowlines & glaciers
- Drier
- Wetter
- Biosecurity risks
Projected global temperature rise

Figure: Intergovernmental Panel on Climate Change, Fifth Assessment Report (AR5), October 2013
The Zero Carbon bill

Nitrous oxide
Carbon dioxide

Net zero by 2050

Methane

10% by 2030
24-47% by 2050
New Zealand’s greenhouse gas emissions

Figure: New Zealand’s Greenhouse Gas Inventory, April 2019
Sustainable agriculture

Figure: The Research Insights, July 2019
Agriculture in a changing environment.

farminglymatters.nz
What the Government is proposing
Interim Climate Change Committee

What we do Agriculture
Our long term proposal: from 2025

- Livestock emissions
- Fertiliser emissions

Farm-level
- $}

Processor-level
- $
What is the cost of emissions?

Table 1: Estimated average costs of a price on emissions at farm level

<table>
<thead>
<tr>
<th>Product (unit)</th>
<th>Emissions cost(b)</th>
<th>Product price(^{10})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milk solids (kg)</td>
<td>$0.01</td>
<td>$5.73</td>
</tr>
<tr>
<td>Beef (kg)</td>
<td>$0.01</td>
<td>$5.31 (prime)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$3.85 (manufacturing)</td>
</tr>
<tr>
<td>Sheep meat (kg)</td>
<td>$0.03</td>
<td>$6.11 (lamb)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$3.28 (mutton)</td>
</tr>
<tr>
<td>Venison (kg)</td>
<td>$0.04</td>
<td>$8.20</td>
</tr>
<tr>
<td>Urea (tonne)</td>
<td>$2.92</td>
<td>$555 (ex works)</td>
</tr>
</tbody>
</table>

* Assuming an emissions unit price of $25 per tonne CO2 equivalent and 95% free allocation
10- Data from MPI, Beef and Lamb NZ, Agri HQ and Ravensdown
Impacts on Māori
Getting started now

- Farmers know what’s expected & what they can do
- Quality, reliable advice for farmers/growers
- Understanding the role of trees
- Incentives for early adopters
- Better estimation tools
- Bring climate change and water into Farm Environment Plans
- Continued investment in R&D
Setting milestones

- **2022**
  Government report

- **2023**
  Voluntary on farm reporting

- **2024**
  Mandatory on farm reporting

From 2025

- Price livestock emissions at farm level
- Price fertiliser emissions at processor level

*Ministry for the Environment*
Option 1: Processor-level pricing

**Action Plan**
Five-year action plan to prepare the sector for an on-farm price on emissions.

**Start year**
Livestock and fertiliser emissions priced from 2021. Free allocation covering 95% of emissions.

**Annually**
Estimated cost to the sector at $25/tonne. Will be used to fund Action Plan.

**2021**

**$47m**
Option 1: Processor-level pricing

Advantages:

- Emissions price at forefront of investment decisions
- Generate funds to reduce emissions
- Gradual change for sector to respond to climate change

Concerns:

- Doesn’t reward early action
- Not the best approach for emissions reductions/engagement
Option 2: Formal sector-government agreement

**Action**

**Action Plan**

Five-year action plan to prepare the sector for an on-farm price on emissions.

**$25m**

**Annually**

The agriculture sector’s funding commitment to deliver the Action Plan. The sector has committed to increase this, if needed to deliver the Action Plan.

**5 year**

**Work Programme**

With commitments from sector and government to deliver the Plan of Action.
Option 2: Formal sector-government agreement

Advantages:

• Sector ownership

• Using existing mechanisms to raise funding

• Less administrative costs associated with recycling funds

Concerns:

• Ongoing policy uncertainty

• Resourcing and implementation of a farm-level scheme
Ask us about our proposals
Submissions let us know what you think about our proposals.

You can make a submission online.

The deadline for submissions is 5pm, 13th August 2019.

Go to the Ministry for the Environment website and click the link ‘Action on Agricultural Emissions’ for:

• the discussion document
• submission form
• FAQs.
Submissions close
13th August 2019