TE ARAWA PRIMARY SECTOR

Action on Agricultural Emissions Discussion Document

Submission from the Te Arawa Primary Sector (Inc)

Contact: Tanira Kingi
Address: C/- GHA, 1108 Fenton St
         PO Box 1712
         ROTORUA
         0274334303
         tanira@tearawa.iwi.nz

Submitter type: Māori collective | Dairy farmer | Sheep & Cattle farmer | Dairy Processor | Farmer | Grower

INTRODUCTION

1. The Te Arawa Primary Sector Collective (TAPS) was officially established as an Incorporated Society on 31 August 2011 where 15 individuals representative of a number of Te Arawa land entities signed a register in Nukuteapiapi, in the former Te Arawa Māori Trust Board offices in Rotorua.
2. Te Arawa Primary Sector, Inc. (TAPS) is a collective of Te Arawa organisations or individuals that own, control or administer over 30,000 hectares of land utilised within the primary industry sectors (agriculture, horticulture, forestry, geothermal and rural tourism) in the Bay of Plenty.
3. TAPS is currently made up of 23 member organisations:

   - Ngati Whakaue Tribal Lands Inc.
   - Pukahukiwi Kaokaoroa No.2 Block Inc.
   - Kokako Trust
   - Paehinahina Mourea Trust
   - Onuku Māori Lands Trust
   - Rotoiti 15 Trust
   - Kapenga M Trust
   - Parekarangi Trust
   - Rangatira E Trust
   - Tautara Matawhaura Trust
   - Pukeroa Oruawhata Trust
   - Rotohakahoka F9 Trust
   - Rotohakahoka F6 Trust
   - Waiteti Farm Trust
   - Te Paiaka Lands Trust
   - Te Tumu Kaituna 14 Trust
   - Waerenga East West Inc.
   - Maraeroa Otuoro 2B Trust
   - Te Arawa Management Ltd (TAML)
   - Whakapoungakau Lands Trust
   - Rotoma No.1 Incorporation
   - Taumanu Trust
4. Te Arawa Primary Sector Inc. is not a constitutionally mandated and legal iwi authority for the marae and hapū who comprise the Te Arawa confederation. Notwithstanding, TAPS has key objectives that reflect the broader aspirations of Te Arawa which will directly affect the future prosperity of our region, and, because of its combined asset base, is both a major contributor and enabler of the local economy and its future growth.

5. TAPS was constituted to support its members to lift the performance of their respective Te Arawa Primary Sector organisations by working collaboratively and increasing the profitability and sustainability of its members while being environmentally sustainable and responsive to their owner’s needs. To achieve TAPS’ primary objectives, the members access information, expert capability and technologies to improve the utilisation of its primary sector assets and other natural resources; enable the sharing of information between all members of TAPS; and identify and create opportunities to partner with industry, Government agencies and research and development organisations to access technologies and innovation to benefit its members. The approach taken by TAPS to support its members, is one the Ministry for the Environment should foster in respect of efforts to address the objectives outlined in ‘A discussion document on proposals to address greenhouse gas emissions from agriculture’.

6. TAPS members have multiple interests in, and a range of views on land use. At the heart of the relationship with whenua is the ongoing rights and responsibilities of kaitiakitanga and whanaungatanga. These reciprocal obligations for whānau and whenua create a natural tension between on the one hand ensuring future generations are sustained in the same way that generations before them have been sustained; while also protecting whānau from the impacts of policy settings that are aimed at creating a low-emissions economy.

PRINCIPLES & ALIGNMENT

4. This submission is underpinned by the following key principles:

4.1 The proposals to reduce Greenhouse Gas Emissions from Agriculture must be designed and implemented in partnership with Māori in accordance with the principles of Te Tiriti o Waitangi

4.2 This legislative change will have significant socio-economic impacts on New Zealand’s economy and, in particular, the most vulnerable, of which Māori are over represented

4.3 Māori must be involved at all levels of decision making and not be consulted as a stakeholder or interested party

4.5 The impacts of a reduction in Greenhouse Gas Emissions from Agriculture are part of a range of legislation that has historically disadvantaged Māori in their ability to use land and take up opportunities which have allowed others in the farming sector to thrive.

4.6 Māori involvement in the primary sector is extensive and as major participants in pastoral agriculture Māori have shown leadership in innovation and investment into high value production systems and markets. This innovation needs to be supported

4.7 Specific legislative commitment needs to be included to ensure Māori understanding, engagement, uptake, and implementation is actively and extensively achieved across the Māori land estate
4.8 Increased commitment is needed in Māori-centred research across all science disciplines along with investment into mātauranga Māori research to support Māori participation in adaptation and leadership in the transition

1: COMMENTS ON PROPOSALS 1, 2 and 3

The basic questions sought must be understood in the context of Māori agriculture. The Crown has significant Treaty obligations including, to uphold a partnership with Māori, actively protect Māori rights and interests and to act in good faith. As tangata whenua of Aotearoa New Zealand, Māori rights must be at the centre of any decision-making about climate change mitigation and adaptation.

Māori freehold land and post-settlement land underpins the Māori economy. Our farms make a significant contribution to education, the elderly, health and via distributions to Māori in general. Reducing emissions must be matched by a balance in the economic viability of our Trusts, Incorporations and PSGEs. We are also major landowners of farm and plantation forests although many of these are still under long-term lease returning low returns to the land owners. We are also concerned at the long-term viability of pine forestry given the changes to the ETS and environmental impacts of intensive harvesting and replanting regimes.

Members of TAPS have been part of the NZAGRC-funded “Farm Systems Modelling for GHG Reduction on Māori Farms” with AgFirst and Scion. This research has provided information on the impact of changing the farm systems and land use on the GHG emissions and profitability profile under various scenarios. These have shown that considerable change is required reduce emissions and retain our economic viability of our farms. Many of these changes must be done concurrently in order to be effective. They included – reduced stock numbers, change of genetics in livestock, change of pastoral systems, change of on-farm practices and land use changes of marginal land into forestry and higher quality land into horticulture or tree crops.

**Question 1: What is the best way to incentivise farmers to reduce on-farm emissions?**

We support any mechanism that incentivises on-farm emissions reduction and recognises those farmers that invest in improved farm systems and land use changes. TAPS members have been involved in research projects on nutrient leaching reduction on-farm changes for many years, particularly in the Lake Rotorua catchment under Rule 11 and PC10. TAPS farmers take our roles as te hunga tiaki (guardians) seriously and many of the mitigation strategies to lower impacts on freshwater are also relevant to GHG reductions as well.

However, while many TAPS members have been involved in, and benefit from, these research projects many Māori farms are not in a position to implement annual emission monitoring and accounting systems.

The proposed start date for livestock emissions to be priced at the farm level of 2025 could impose higher costs on Māori farmers because of the multiple levels of Governance structures used to govern Māori land. Māori land is governed by trustees, committees and directors that are not ‘on-farm’ and who do not attend industry farmer discussion or technical groups. The first step is to reach all our Māori farming community and make them aware of the propose changes and to provide the support needed build the capability and capacity of these organisations to implement the necessary systems. These expenses will add to already high levels of compliance costs currently imposed on farmers.
In order to incentivise the change of on-farm practice their needs to be positive incentives to motivate and change behaviour. An example of this is the Te Ara Miraka model produced by Miraka, the Dairy Processor at Mokai. TAPS members are suppliers of Miraka. The model encourages suppliers to meet environmental and quality standards with a financial incentive of between 0.1-0.20 cents per kilograms of milksolids. This not only drives excellence in farming practice but also rewards positive behaviour with economic rewards.

Ensuring farmers have the “tools and advice” is critical for necessary change to occur. TAPS recommends the following:

1. Targeted support for Māori farmers in the development of Individual Farm Environment/Management Plans which would enable a deeper understanding of “best practice”. Good farm practice is insufficient.
2. Introduction of benchmarking datasets to understand the setting of best practice targets and how to implement changes to achieve them to create sustainable farming practices across the environmental footprint of the property.
3. Funding the training of Māori advisors to work specifically with Māori land entities.
4. Implement a communication strategy designed by Māori for Māoriland entities. The communication strategy should support governors and managers of Māori farms and forests.
5. Design an incentives framework for farm entities that go beyond GHG emissions but include a more holistic approach that is consistent with the principles of kaitikitanga. The framework needs to include “best practice” for freshwater and GHG emissions.

Question 2: Do the pros of pricing emissions at farm level outweigh the cons, compared with processor level for (a) livestock and (b) fertiliser? Why or why not?

Pricing emissions at the processor level is likely to be easier for farmers as this allows for fluctuations in seasonal variances caused by weather and global markets. This applies both to livestock and fertiliser.

Fundamentally neither scheme is ideal because we need to change behaviour at the farm gate. The current conventional farming method needs to change from high input to produce high volumes and change to quality product at premier prices. The provenance story attached to this is the point of difference for NZ Inc. Demonstrating high standards of environmental stewardship is fundamental to such a change. Working with farmers to help them model what this looks like is where the long-term gain for the agricultural industry rests.

TAPS supports the inclusion of a pricing mechanism that makes all costs of production, including environmental emissions, transparent. The industry has not instigated mechanisms to incentivise producers to lower emissions even though estimates of methane, nitrous oxide and carbon dioxide is available for each farmer from the fertiliser companies and some processors. While a distraction from achieving high quality goods with a lower impact on the environment, it is necessary to drive the change that’s needed.

What is not well understood with the processor option is what happens to store producers? How will the emissions of farmers that sell livestock to finishing farmers be accounted for given
that they do not receive payment from the processor? This is not explained in the discussion document.

Recommendations:

6. Develop mechanisms to incentivise “best practice” at the farm level that results in lower GHG and nutrient emissions
7. Clarify the mechanisms that enable farmers (dairy and mixed livestock) to understand how the sale of their animals to other farmers are included in the pricing mechanism

COMMENTS ON PROPOSAL 4, Interim Option 2: A formal sector-government agreement

TAPS supports the proposal from the agricultural sector leaders group in particular a programme of action to support farmers to reduce on-farm emissions and industry resourcing to implement this programme. In particular TAPS supports the reprioritisation of existing levy body funds over the five-year period.

TAPS however, believes that the proposed programme does not go far enough. Incentivising on-farm change requires investment by the government and the development of policy that incentivises government and private investment into infrastructure change across the primary industry. A programme that only looks inside the farm gate is limited. Farmers need to see options into the future for new products and markets. The New Zealand agricultural and forestry sectors are world class examples of sectors that have focused on high volume low value products. While some red meat and milk processors have diversified into niche products and markets the bulk of New Zealand’s food, fibre and timber sectors are made up of commodity production.

Māori will play a pivotal role in the reconfiguration of New Zealand’s primary sector economy and therefore, needs support for Māori to not only participate but to take a leadership role in this transformation. Māori have already shown leadership in alternative production systems with lower GHG footprints (e.g. regenerative and organic farming) along with Investment into high value products (e.g. biofuels production). More importantly however, Māori have demonstrated that collective approaches to agricultural and horticultural production reduces the risk of diversification and provides opportunities to scale up at much faster rates than individual farmers. Māori must be involved in the design and implementation of the New Zealand’s low emission bioeconomy.

Meeting this country’s emission reduction targets requires a two-pronged approach that must be designed in tandem. The first is on-farm adaptation plans to provide farmers with base line information and options (as outlined by the primary sector leaders group). The second is post farm-gate investment into alternative high value processing, distribution and market channel infrastructure to provide the sector with “real” product and market alternatives.

Leading Māori agribusiness firms are well-positioned to take a leadership role in this adaption and transition phase. Change at the scale that is needed and the tight time frame that is in front of this country needs examples of collective adaptation strategies that can be transferred to the wider sector. The risk profile for individual farmers to change their production system is much higher than collective approaches.
Recommendations:

8. Develop a plan of action to transition of the primary sector to a high value low emission economy. This should include a policy framework that incentives government and private sector investment into alternative production, processing, distribution and marketing infrastructure along with training and education of the primary sector workforce.

9. Design and implement an infrastructure investment plan that includes:
   i. Mechanisms to incentivise investment into high value processing infrastructure including
   ii. Greater focus on trade agreements for high value primary sector products
   iii. Development of marketing and distribution channels for high value products
   iv. Ensuring that the communication infrastructure is updated to provide the information needed for farmers and growers to assess their ability and capacity to respond to new market opportunities
   v. Understanding the implications for the production sector including education and extension requirements for farmers and growers
   vi. Assessment of the impacts of processing, distribution, communication and marketing infrastructure on rural communities including implications for health, education and other social services on rural communities

10. Implement a support and extension package that is designed by Māori for Māori farmers and growers that includes:
   i. Support to understand their emissions sources and sinks, and have confidence in the means of estimating them at farm-level (including the potential for offsets from sequestration)
   ii. Provision of knowledge, tools and technologies is provided for mitigating and offsetting their on-farm emissions, including access to professional advice on farming systems and available practices and technologies
   iii. Information on alternative options for on-farm mitigation and understanding the implications on all aspects of their farm business including water quality, animal welfare, biodiversity, product quality, production and profitability

Answers to specific questions

Question 3: What are the key building Blocks for a workable and effective scheme that prices emissions at farm level?

This is dependent on building confidence with the current tools that are available e.g. Overseer. Generally we have found that these models are built for one purpose (Overseer for fertiliser application) and then used for another i.e. to measure the impacts of nutrients on water water quality etc. Development of trust worthy tools that look holistically at a whole farm approach and on-farm behaviours would be the most helpful. Price emissions in themselves will not aid best practice and are perceived as another tax regime.
Question 4: What should the Government be taking into consideration when choosing between Option 1: pricing emissions at the processor level through the NZ ETS and Option 2: a formal sector-government agreement?

Complexity and cost to farmers is critical. Keep it simple particularly for farmers who are already facing a myriad of compliance regulations.

As already outlined above we believe that more must be done than pricing emissions only. Incentives to change practice and behaviour are critical. Reaching Māori farmers is also critical as they cannot be reached through traditional farming channels.

Question 5: As an interim measure, would Option 1: pricing emissions at the processor level through the NZ ETS with recycling of funds raised back to the sector to incentivise emissions reduction or Option 2: a formal Government-industry agreement for reducing emissions be best? Why?

TAPS support the need to protect and enhance our environment. Incentives will be required to ensure that we are able to do so by 2025. A government-industry agreement led by the industry that has historically (and currently) had limited engagement with Māori needs to be corrected.

Current engagement often overlooks the Māori governance structures and the unique management and administration systems in place. Their engagement with Māori also does not recognise the cultural practices that are needed to communicate, inform and educate Māori groups.

Recommendations 1 to 5 and 10 need to be adopted for this to happen.

TAPS also believes that any funds raised by the scheme whether at Option 1 or 2 should be recycled back to the farmers and in particular, where farms are Māori these need to be used to support Māori farming. Whilst implementation in line with the Treaty of Waitangi are relevant, a further step that recognises that we are not passive players in the farming sector is needed.

Question 6: What additional steps should we be taking to protect relevant iwi/Māori interests, in line with the Treaty of Waitangi?

We reiterate all points made above under ‘Principles and Alignment’, and believe that we need to see an active partnership between iwi, hapū and the Crown in respect of transitioning towards a low-emissions economy. Any framework should provide for mechanisms that enable practical, solutions-focused outcomes as designed and prescribed by the Treaty partners. We believe our skill sets, in addition to conventional farming would offer a “Māori view” which emphasises Te Tiriti, Te Ao Māori, Matauranga Māori, Kaitiakitanga and Māori economic activity.

TAPS supports the setting of targets for the reduction in net greenhouse gas emissions in agriculture by 2025 however, this support is not unconditional.

Our support is conditional on investment by the government that incentivises investment into infrastructure change across the primary industry.

The negative impact on our fresh water, flora and fauna of indigenous forests and the decline in our rural communities is well documented. This situation has taken almost 100 years to get to this point and we are expecting to turn it around in 5 years or even 30 years. This is
unacceptable and the impact on our economic base will be extreme without incentives and assistance to reach out to Māori across the rural sector. To do this we believe a dedicated group, led by Māori for Māori, need to be engaged and be properly resourced to assist farmers to change practice.

Māori are particularly vulnerable to climate change impacts and to the costs of mitigation. Climate change poses a serious threat to the wellbeing and health equity and its impacts are not distributed equally, with Māori, Pacific, and low-income groups at greater risk of experiencing poor health outcomes due to climate change.

The number of New Zealanders living in poverty has grown over the last decade; with income inequality high particularly in Māori and migrant communities. It is critical that we understand where the impacts will be felt the most and what actions are needed to remediate these impacts.

The challenge of reducing emissions sits alongside the need to maintain and improve water quality, biosecurity, biodiversity, animal welfare, and financial viability within an integrated farm system. A major education and extension programme needs to be designed and implemented with farmers to incentivise and support change.