

Beef + Lamb New Zealand's pre-written submission template content for farmers to make a submission on the Government's agricultural emissions pricing proposals

As a sheep and beef farmer **I do not accept the Government's proposals for the pricing of agricultural emissions.** While I recognise that all New Zealanders have a role in reducing emissions, this proposal disproportionately puts sheep and beef farmers at risk and I am concerned about the impact this will have on my farm's bottom line.

The Government needs to rework its proposals to create a system that maintains the viability of New Zealand's world-leading sheep and beef sector and rural communities, and their contribution to the economy. It should also recognise the existing work New Zealand farmers and rural communities do to mitigate climate change. The Government's current proposal does not meet these requirements.

- **The price setting process: Section 3, Question 5**

Do you support the proposed approach to setting levy prices?

No, I do not support the proposed approach to price setting.

I oppose the Government's proposals on price setting through the Climate Change Commission. The Commission's role is to recommend targets that meet climate goals, and I argue this is a conflict of interest that could risk agriculture cross-subsiding wider warming reductions. The future price should be set by the Minister on the advice of an independent oversight board appointed by all He Waka Eke Noa partners. Any price setting and targets should be science-based and not political.

Price-setting should consider the availability and costs of mitigation options for sheep and beef farmers and consider impacts on communities and the economy, as well as the environment. It should also consider factors such as the risk of emissions leakage overseas. It makes no sense to reduce sheep meat production in New Zealand and have another country produce it with higher emissions. We should not accept emissions leakage. The way to prevent that happening is by getting the targets, price, sequestration, incentives, and other settings right.

The Government's own modelling shows that a very cautious approach needs to be taken and that much lower prices than previously suggested can achieve the legislated emissions reductions. The current methane targets are wrong and need to be reviewed. The pricing of methane has a greater impact on sheep and beef farmers and the Government needs to relook the architecture of the proposal to ensure that no one

sector disproportionately carries the burden of meeting New Zealand's targets. The methane price should be set at the minimum level needed and be fixed for a five-year period to give farmers certainty.

I do not support linking the nitrous oxide price to the carbon price in the Emission Trading Scheme (ETS). The nitrous oxide price should also be no higher than needed to fund the system and linking it to the ETS would mean losing this control.

- **Revenue recycling: Section 3, Question 6 and Section 4, Question 11**

Do you support the proposed approach to revenue recycling?

In principle, do you think the agricultural sector should pay for any shortfall in its emissions reductions?

No, I do not support the proposed approach to revenue recycling.

The scheme should not collect a surplus as the Government proposal currently does. Any levy revenue must be ringfenced and only be used for the administration of the system, investment in R&D, or go back to farmers as incentives. Administration costs must be minimised. The levy price should only be sufficient to deliver on the scheme's intended purpose, not to generate funds or be punitive for farmers.

Farmers should have control and say on re-investing revenue back into the sector, that supports and incentivises the uptake of technology and adopt good farming practices. This will support and encourage the sector to meet environmental outcomes and support the reduction in global emissions.

- **Sequestration: Section 3, question 8**

Do you support the proposed approach for recognising carbon sequestration from riparian plantings and management of indigenous vegetation, both in the short and long term?

No, I do not support the proposed approach for recognising carbon sequestration from riparian plantings and management of indigenous vegetation.

I do not support the limited options available or the mechanisms in place regarding sequestration. There would be an unacceptable lack of opportunities to further mitigate emissions on my farm.

If I am to be charged for emissions, I should have equal recognition for the on-farm practices that contribute to mitigating climate change, including **all** sequestration that happens on my farm. Areas of pre- or post-1990 native vegetation, scattered forest, perennial cropland, shelter belts, and riparian plantings on my farm contribute to the

sequestering of carbon and should be included. I strongly support what was proposed by the He Waka Eke Noa partnership on sequestration.

I do not agree with the proposals for on-farm vegetation to have stock excluded and being part of a contract-based system. This does not change the sequestration that is happening within the farm and would be a costly and complicated process. It is likely that the cost to exclude stock would outweigh any benefits.

Farmers who do not have access to mitigations or sequestration should be able to apply for transitional levy relief.

- **Processor-level levy: Section 3, Question 9**

Do you support the introduction of an interim processor-level levy in 2025 if the farm-level system is not ready?

No, I do not support the introduction of an interim processor-level levy in 2025 if the farm-level system is not ready.

This backstop creates significant uncertainty for me as a farmer. The Government needs to be held to account for the implementation of the scheme, and should share the set-up and operation costs, like they did for the NZ ETS. I do not support the idea of starting with one system and then having to pick up another one a few years later, as this will create unnecessary confusion and costs. There should be one system done correctly the first time.

- **Equitability: Section 4, Question 10 and 12**

Do you think the proposed system for pricing agricultural emissions is equitable, both within the agriculture sector and across other sectors, and across Aotearoa New Zealand generally?

What impacts or implications do you foresee as a result of each of the Government's proposals in the short and the long term?

No, I do not agree that the proposal is equitable within the agriculture sector or across New Zealand.

The Government proposal offers a lack of mitigation options and will place an unfair burden on the sheep and beef sector. There will be a heavy social and economic impact on rural communities. I am worried about current and future increases in plantation forestry, particularly for carbon-only farming.

New Zealand is the first country looking to put a price on agricultural emissions despite being world leaders in emissions-efficient meat production. The Government's proposal

acknowledges that emission leakage from the sheep sector will have a negative international impact on global warming. The Government needs to look at the sheep and beef sector in a global sense and acknowledge that putting New Zealand's sheep and beef sector at risk makes no sense from an environmental, economic, or social perspective.

To create better equity within the proposal, farmers should be able to form collectives to measure, manage, and report their emissions in an efficient way.