

# Agriculture Emissions Pricing

## SUMMARY

# Farmer Feedback

### THE AG EMISSIONS PRICING FARMER CONSULTATION IS NOW CLOSED – HERE'S WHAT YOU TOLD US

The Government has legislation in place to price agriculture greenhouse gas emissions by 2025 through the New Zealand Emissions Trading Scheme (ETS) if a credible alternative is not agreed upon.

The ambition of the Primary Sector Climate Action Partnership – He Waka Eke Noa is to keep our sector out of the ETS, and to develop an emissions pricing approach which is more practical, fair and will incentivise farmers to make positive change.

Ninety nine percent of farmers who participated in our recent roadshow told us they don't want agriculture in the ETS. They also told us they were concerned about the impact on farm business viability and wanted to see some changes to the partnership's proposals.

Below is a summary of what farmers told us and the key areas DairyNZ and Beef + Lamb New Zealand will focus on during the discussions with He Waka Eke Noa partners.

## 86% THE PREFERRED OPTION: FARM-LEVEL LEVY

There was a strong preference for the farm-level levy option. Farmers told us they want to be recognised and incentivised for individual actions, have a say on the farm emissions price and have choices about their farm management. However, there were concerns about sector readiness for a farm-level pricing system and the cost of implementing by 2025.

### HOW WE GET THERE

#### 47% MOVING STRAIGHT TO FARM-LEVEL

These farmers didn't want to pay for two systems. They wanted to find a solution that could be set up in one step.

#### 40% PROCESSOR-LEVEL TO FARM-LEVEL TRANSITION

These farmers felt that starting at a processor-level and transitioning to farm-level gives the sector more time to get farmers ready.

## What farmers told us is important to them

### RECOGNITION FOR SEQUESTRATION

You support the recognition of a wider range of vegetation not eligible in the NZ ETS and that individual on-farm actions are recognised. However, some felt the proposed 2008 sequestration baseline and exclusion of soil carbon were not fair.

### KEEPING THE COST OF ADMINISTRATION LOW

You want to see a cost-effective approach to any pricing system, and suggest exploring existing avenues for the administration of pricing (e.g. Inland Revenue).

### TRANSPARENT REVENUE INVESTMENT

You want revenue reinvested into research and development, with transparency of where money is going and the plan to deliver technology to farmers.

### LEVY PRICE SETTING GOVERNANCE

You want our industry to have a seat at the table when levy prices are set. Price setting should be science-based, not influenced by politics. The price setting criteria needs to be transparent with industry bodies involved.

## How we can make it easier for farmers

### TRAINING AND SUPPORT

You're concerned that the sector does not have the skills or support for farm-level pricing to be implemented in 2025. Preparing farmers and upskilling rural professionals needs to be taken into consideration.

### KEEP IT MANAGEABLE

You said the system needs to be user friendly, because if the administrative burden is too high it will not drive the outcomes that are needed.

### ONE-STOP SHOP

You would like to see one system for reporting, auditing and compliance, which aligns with other farm reporting systems and regulations (e.g. freshwater).

## What we're doing next

DairyNZ and B+LNZ will continue to work hard to ensure the voices of our farmers are heard. We're focusing on doing everything we can to minimise costs to ensure your business remains viable and our communities continue to thrive. We're also working to make sure that what's eventually introduced is practical, sensible and works on the ground for farmers.

DairyNZ and B+LNZ will meet with the other He Waka Eke Noa partners to discuss all the feedback received, and work through the practicalities and further strengthen the final recommendation to the Government, which is due by 31 May.

In parallel, we'll continue to advocate for the Government to report on warming as well as emissions, and to commit to the latest science when methane emission targets are reviewed in 2024.

We'll keep you informed along the way.

Jim van der Poel  
DairyNZ Chairman

Andrew Morrison  
Beef + Lamb New Zealand Chairman