



FACT SHEET

Climate Change Commission consultation

25 February 2021

The Climate Change Commission (the Commission) is asking New Zealanders for their views on the advice it is preparing for the Government on the future direction of climate change and greenhouse gas policy in New Zealand.

The public consultation period runs from 1 February 2021 to 28 March 2021. A number of areas the Commission is asking for feedback on relate directly to the primary industries as a whole, and to farmers in particular.

Following the period of public consultation, the Commission will finalise its advice and hand it over to the Government in May 2021. The Government will then consider the advice and announce its policy decisions by December 2021.

What is the Climate Change Commission?

The Commission is mandated under the 2019 Zero Carbon Act. It is an independent group of experts whose main task is to provide politically-neutral advice to successive governments on climate change policy.

While the Commission is only an advisory body, and does not have any decision-making powers, the advice the Commission provides is likely to be very influential on decisions the Government will take. The Government can't simply dismiss the Commission's advice – if it chooses to not follow the advice, it must explicitly explain why.

More information about the Climate Change Commission can be found on [their website](#).

What is the Climate Change Commission consulting on?

The Commission is consulting with the public on draft advice to the Government in four key areas:

1. New Zealand's first set of five-yearly *greenhouse gas emissions budgets* that should put New Zealand on a path to meeting its greenhouse gas emissions reduction targets as set out in the Zero Carbon Act.
2. Guidance for New Zealand's first *emissions reduction plan*, which provides suggestions on what policies the Government could implement to meet the emissions budgets.
3. *A review of New Zealand's international climate change target* under the United Nations Paris Agreement on Climate Change.
4. What potential *biogenic methane emissions reductions* New Zealand should make in the future.

Not all the information contained in the Commission's draft advice is relevant to farmers, but some areas have major implications. This factsheet highlights the areas of advice most relevant to farmers.

B+LNZ will be making a submission to the Commission towards the end of the consultation period and encourages all farmers to provide a public submission on their views about the Commission's advice. B+LNZ is preparing a submission template that you may choose to use, which will be available on our website, with submissions due to the Commission by 28 March 2021.

The Climate Change Commission's advice

The following sections provide you with a high-level summary of each of the key areas the Commission is consulting on, and B+LNZ's preliminary views on them.

Focus area 1: Greenhouse gas emissions budgets

Background

Under the Zero Carbon Act, the Commission must provide advice to the Government every five years on the level of greenhouse gas emissions reductions that should be made across all sectors of the economy. The advice is broken into five-yearly increments – or budgets – that should enable New Zealand to meet the long-term emissions reductions targets set in law. These emissions budgets can be considered as 'stepping stones' or 'intermediate targets' in order to meet the following targets set by the Government:

1. A 10 percent reduction in gross¹ biogenic methane emissions from 2017 levels by 2030.
2. A 24-47 percent reduction in gross biogenic methane emissions from 2017 levels by 2050.
3. All other gases (except for biogenic methane) to reduce to net zero by 2050.

The first and second targets (those about biogenic methane) are the ones that have the most direct impact on farmers, as biogenic methane is the dominant greenhouse gas produced by ruminant animals.

The third target will also have impacts on farmers, for example on carbon dioxide emissions from fuel use and nitrous oxide emissions from urine, dung, and fertiliser application. Also, the third target is a 'net' target, meaning gases can be *offset* by the carbon sequestration that happens from planting trees. This means the 'net zero' target and the emissions budgets the Commission will advise the Government on to meet this target will have an impact on the amount of tree planting across New Zealand, potentially impacting land-use and our rural communities.

What does the Commission's advice say?

Proposed budgets

The Commission's proposed emissions budgets cover all sectors of the economy and are broken down by different greenhouse gases for the years 2022-2025, 2025-2030, and 2030-2035. The Commission's role is to provide the Government advice on budgets that are "ambitious but achievable" as per the Zero Carbon Act.

It is important to note that the Commission is proposing significant cuts be made across all sectors of the economy over the next 15 years. For example, the Commission's advice suggests that by 2035, transport emissions are to decrease by 47 percent and process heat, industry and power generation emissions are to decrease by 45 percent from 2018 levels.

Of particular relevance to farmers are the proposals on reductions in biogenic methane emissions (from livestock and waste). The Commission proposes that biogenic methane emissions need to decrease (from 2018 levels) by 6.5 percent by 2025, 11.4 percent by 2030, and 15.9 percent by 2035.

In the short term (until 2025) biogenic methane emissions are being asked to decline slightly faster than gases in other sectors but this rate of reduction should then slow down as other parts of the economy gain momentum in change.

These proposals would see biogenic methane emissions from agriculture and waste decrease by 11.4 percent from now and 2030 and 15.9 percent between now and 2035. Additionally, emissions of long-lived gases for agriculture (nitrous oxide in particular) are expected to decrease by 17 percent by 2035.

Sequestration

The Commission also proposes that to meet New Zealand's Zero Carbon Act targets sequestration from forestry needs to increase by 53 percent between now and 2035.

While this amount of additional sequestration is significant, the Commission's advice is very clear that New Zealand cannot continue to plant its way out of the climate change problem, and that reliance on exotic forestry is only a short-term solution.

The Commission is therefore proposing a new approach to the role of sequestration in New Zealand. There is a very clear steer towards weaning-off the country's reliance on exotic forestry to offset emissions and meet targets in the shorter term, and creating incentives to drastically increase native vegetation planting within our landscapes to future-proof the contribution that sequestration makes to meeting New Zealand's longer-term targets.

¹Gross' emissions are those that are not offset by forest planting while 'net' emissions are our emissions minus the carbon removed from the atmosphere by trees as they grow.

What are B+LNZ's preliminary views on the proposed budgets?

At a high level, we are pleased that the Commission's analysis and advice is underpinned by the principle that all sectors of the economy and members of society have a role to play.

We agree that New Zealand must decarbonise the economy by actually reducing gross emissions of carbon dioxide and should not rely on offsetting emissions through forestry in order to meet our targets. This is consistent with B+LNZ's fundamental policy position on carbon sequestration. New Zealand's heavy reliance to date on offsetting emissions through planting large tracts of our landscapes with exotic forestry is only a short-term solution to the climate change problem, and one that comes with significant negative impacts for our sector and rural communities.

B+LNZ is concerned by the level of reductions of biogenic methane by 2035 that the Commission suggests are achievable, which are higher than the targets for biogenic methane set out in the Zero Carbon Act. For example, the Commission proposes methane could be reduced by 11.4 percent below 2018 levels by 2030 while the Zero Carbon Bill legislates a 10 percent reduction below 2017 levels by 2030.

We are also concerned that while the Commission has acknowledged the efficiency gains made by our sector over the past three decades, it has failed to duly recognise the significant reductions in absolute greenhouse gas emissions made (a 30 percent reduction in absolute emissions since 1990). The proposed 15.9 percent decrease in biogenic methane by 2035 from 2018 levels would effectively mean our sector would have been expected to achieve a gross 50 percent reduction in total sheep and beef emissions since 1990.

This is out of proportion to what is being asked of many other sectors because their emissions increased between 1990 and 2018 while our sector's emissions reduced.

In our view the Commission's proposals are essentially grandparenting our sector without taking into consideration the significant gains already achieved. There is also limited recognition of the significant amount of sequestration from vegetation on sheep and beef farmland in the draft advice provided by the Commission.

B+LNZ will strongly advocate on behalf of farmers to ensure these gains are fairly recognised, and that farmers who have already made significant progress (that is, 'early movers') are not unduly penalised.

B+LNZ believes the Commission should also include analysis of the impact on warming from each gas arising from each of the proposed budgets. The Zero Carbon Bill is based on the fundamental principle that long-lived and short-lived gases are different, but the science that lay behind the different targets is not fully recognised in the policy discussion. It is important the Commission include in their advice both the 'emissions' and 'warming' impact of the gases.

Focus area 2: Emissions reduction plan

Background

As described in the section above, the Commission is consulting on the first three emissions budgets for New Zealand. Under the Zero Carbon Act, the Commission must also provide guidance to the Government on an *emissions reduction plan* – that is, advise the Government on how emissions budgets could be met.

The guidance on the emissions reduction plan covers guidance on policies and measures that could be considered or implemented by the Government across different sectors of the economy and to cover reductions of different greenhouse gases in order to make progress towards meeting the emissions budgets.

Once this guidance is finalised, the Government will need to publish its emissions reduction plan by the end of 2021, clearly stating its plan of action and policies it will implement in order to meet the emissions budgets it decides to set in legislation.

What does the Commission's advice say?

The Commission has provided a number of short-term recommendations that should drive New Zealand's ability to meet the longer-term emissions reduction targets. This includes getting people on low or no carbon transportation, limiting the import of combustion engine vehicles, transforming our heat and electricity sources, as well as increasing farm efficiencies which would allow total stock numbers to decline over time. They have made it clear that economy-wide transformation is needed, and we cannot plant our way out of the problem.

The Commission says the emissions budgets for biogenic methane and agriculture are achievable and would not lead to drops in red meat or dairy production. In making this assessment the Commission has relied heavily on the Biological Emission Reference Group report published in 2017, and assumes in particular that gains in the emissions intensity of red meat production achieved by the sector over the last few decades (at a rate of approximately 1 percent per year) will continue at a similar rate over the next 15 years.

The Commission also assumes that further improvement in farm management practices, changes in land-use forecast for the next 15 years, efficiency gains and the impact of freshwater policy will lead to reductions in livestock numbers of around 15 percent below 2018 levels for sheep, beef and dairy cattle by 2030.

In arriving at this figure, the Commission has not assumed any uptake of additional technologies, such as a methane vaccines and inhibitors, but is relying on the integration of low emissions sheep into the national flock. They expect a range of policy tools to be used including a "combination of support, market incentives and direct regulation" (pg 46, Chapter 17).²

²If interested, you can read more about the list of recommendations for policy makers and influencers on pages 45-55 of Chapter 17.

While the Commission has made it clear that New Zealand cannot continue to plant its way out of the problem, it is nevertheless recommending significant rates of exotic forest planting over the first budgets. They recommend an average increase in new planting of exotic forestry of 25,000 hectares per year until 2035, reducing after that time and being replaced by the establishment of 25,000 hectares per year of native forestry from 2035. The Commission recommends that this planting occur on 'marginal' land with a total of 680,000 hectares established in mixed species by 2035.

What are B+LNZ's preliminary views on this advice?

B+LNZ is pleased the Commission's advice is consistent with the holistic approach to environmental management we have been advocating for on behalf of our farmers. The Commission's advice recognises the benefits provided by smaller blocks of native vegetation integrated within our landscapes, and the fact that indigenous habitats have multiple environmental benefits such as long-term stable sequestration and enhanced biodiversity. It is refreshing to finally see advice that clearly states that environmental policy in New Zealand should be more joined up across environmental domains, in particular across climate change, freshwater, biodiversity and soils.

B+LNZ has a number of questions and concerns around the assumptions that led to the Commission's assessment that emissions budgets for biogenic methane and agriculture are achievable without drops in red meat or dairy production, in particular around the ability of our sector to continue efficiency gains seen for the past few decades of around 1 percent per year.

Furthermore, the Commission's advice suggests that as a result of further land-use changes the area of sheep and beef farmland could decrease to 7.15 million hectares by 2050, a 41 percent reduction from the 1990 figure of 12.05 million hectares. While these estimates are lower than what has been forecast by government agencies in recent years, they are still significant. B+LNZ notes that the Commission has clearly acknowledged that New Zealand cannot continue to plant its way out of the problem, however we note that the Commission is not proposing any specific limits on the amount of planting that should take place over the next 15 years.

B+LNZ would like to see concrete policy guidance or proposals for how limits can be placed on forestry offsets. There has been a significant increase in the conversion of sheep and beef farms into forestry in the last two years as the carbon price has increased. B+LNZ analysis indicates the yearly rate of conversion happening at present is already greater than the increased plantings outlined in the CCC's report. Urgent work is needed to place limitations on forestry offsets.

The Commission also makes it clear that impacts will not be felt evenly across sectors and regions but has not performed in-depth analysis. B+LNZ will be analysing the distributional impacts these proposals would have on farmers and rural communities. For example, the Commission has assumed that the planting of 'marginal' land would not impact on GDP or farm profitability.

B+LNZ will assess these assumptions to clarify what definitions of 'marginal' or 'less productive' land have been used by the Commission and the implications for sheep and beef farming.

B+LNZ will be working with other experts to ground-truth the assumptions and provide alternative evidence where needed, in particular the assumptions that would lead to a 15 percent decrease in sheep, beef and dairy cattle numbers by 2030.

Focus area 3: Review of the ambition of New Zealand's international target under the Paris Agreement

Background

The United Nations Paris Agreement on climate change is the main international law for the world to respond to climate change and adapt to its impacts. Under the Paris Agreement, each country must put forward an international emission reduction target (called a *Nationally Determined Contribution*, or NDC) every five years. Collectively, these NDCs should put the world on a pathway to meeting the temperature goals of the Paris Agreement, which are to keep global warming well below 2 degrees Celsius above pre-industrial levels, and make every effort to keep this warming below 1.5 degrees Celsius above pre-industrial levels while not impacting food production.

When New Zealand ratified the Paris Agreement in 2016, the Government at the time also put forward an NDC to reduce greenhouse gas emissions across the economy to 30 per cent below 2005 levels by 2030. This target is different to the targets set in 2019 under the Zero Carbon Act.

In April 2020 Climate Change Minister requested the Commission review New Zealand's current NDC, to assess if the NDC should be revised to make it consistent with the Paris Agreement 1.5 degrees Celsius temperature goal³, and to ensure consistency between the NDC and the targets set in the Zero Carbon Act.

What does the Commission's advice say?

The Commission has found that New Zealand's NDC is not in line with the Paris Agreement temperature goals. It recommends that to make the NDC more compatible with contributing to the global effort to limit warming to 1.5 degrees Celsius above pre-industrial levels, then New Zealand's NDC should reflect a reduction in emissions of "much more" than 35 percent below 2005 levels. In other words, the Commission is recommending a significant increase in the current level of ambition of the NDC, but makes it clear that this change, or any deeper cuts, is a question for elected decision-makers.

The Commission acknowledges that New Zealand's international target could be presented in a number of different ways, in particular to reflect how different gases

³Note that in 2019 the Government decided to focus the Zero Carbon Act on the 1.5 degrees Celsius temperature goal, rather than the 'range' of 1.5-2 degrees Celsius contained in the Paris Agreement.

are treated. New Zealand has historically presented its international targets by aggregating gases using an equivalency metric. This approach for our international targets is different to the approach chosen in New Zealand's domestic legislation (the Zero Carbon Act), which contains different targets for different gases, based on their warming impact.

On balance the Commission is recommending in its draft advice for New Zealand to continue with the approach of presenting its NDC using a single all-gases target, citing risks to New Zealand's international standing and reputation should we deviate from this approach.

What are B+LNZ's preliminary views on this advice?

B+LNZ is still developing its views on the Commission's recommendations regarding the level of New Zealand's NDC. However, we note that government advice to date has shown that New Zealand's current NDC is already extremely challenging to meet, and that this cannot be achieved without purchasing a significant amount of international offsets ('units' from overseas). Therefore any increase in the level of the NDC would come with significant additional cost, be it in the form of domestic emissions reductions, heavy reliance on domestic offsets from forestry, and/or an increased amount of international offset purchasing. While the Commission's advice makes it clear that it recommends the use of international offsets to meet our international targets, this is likely to come at a significant cost to the economy.

B+LNZ also questions some of the assumptions and judgements the Commission made in recommending New Zealand continue to report its NDC as one aggregated all-gases target.

B+LNZ advocated for the Government to take a split-gas approach to presenting greenhouse gas reduction targets in the Zero Carbon Act. This approach acknowledges the different impacts different gases have on warming, and therefore that gases should be treated separately.

The Paris Agreement allows countries to determine how they define their NDCs. B+LNZ's view is New Zealand should include the split-gas approach in its international NDC and reporting on progress towards meeting its commitments. This could be done by providing an 'all gas' and 'split gas' target and report going forward.

Focus area 4: Advice on potential reductions in biogenic methane emissions

Background

In April 2020 the Climate Change Minister also requested the Commission provide advice on New Zealand's biogenic methane emissions - which mainly come from ruminants.

The purpose of this advice is to inform New Zealand's understanding of the potential reductions in biogenic methane emissions which might eventually be required by New Zealand as part of a global effort under the Paris Agreement to limit the global average temperature increase to 1.5 degrees Celsius above pre-industrial levels.

To re-cap, the Zero Carbon Act contains two targets which are specifically related to biogenic methane:

1. A 10 percent reduction in gross biogenic methane emissions from 2017 levels by 2030.
2. A 24-47 percent reduction in gross biogenic methane emissions from 2017 levels by 2050.

This 'split-gas' approach to the targets recognises different gases have different warming impacts on the atmosphere. In particular, methane has a much shorter-lived warming impact (approximately 12 years) on the atmosphere than long-lived gases such as nitrous oxide and carbon dioxide (which lives on for hundreds or thousands of years in the atmosphere).

While the approach taken in the Zero Carbon Act in 2019 on the *form* of the target (that is, to split out short-lived and long-lived gases) was world-leading and commendable, much debate remains on the *level* of these targets. Questions were raised by B+LNZ and others on the level of these targets, in particular as they did not appear to be based on the latest science on the warming impacts of different gases, and also because the range of the 2050 target (24-47 percent reduction on 2017 levels) provides little certainty for New Zealand food producers.

The Minister therefore tasked the Commission to provide further analysis on what potential biogenic methane reductions should be. While this request was not a formal request made by the Minister to review and change the targets set in the Zero Carbon Act, the information provided by the Commission should enable New Zealand to have a better understanding of what biogenic methane emissions should be in the future.



What does the Commission's advice say?

The Commission has used a combination of scientific and qualitative analysis to recommend that to be in line with the Paris Agreement goals New Zealand may need to reduce methane emissions by 49-60 percent below 2017 levels by 2100.

What are B+LNZ's preliminary views on this advice?

B+LNZ is still developing its views on the Commission's recommendations on future biogenic reductions. B+LNZ will engage with leading scientists and experts to critically assess the Commission's recommendations. We would have liked to have seen analysis in the Commission's report identifying what the climate impacts of such significant reductions in methane would be, compared to what would be asked in relation to long-term gases. Reductions within this range would also be very challenging to achieve, especially as they would be in addition to the 30 percent reduction in greenhouse gas emissions that our sector has already made since the 1990s.

B+LNZ also wishes to ensure that considerations around the need to respond and adapt to climate change and its impacts in a manner that does not threaten food production (one of the key aims of the Paris Agreement) have been adequately taken into account in the development of these recommendations.

How can farmers get involved?

B+LNZ will be writing a formal submission on behalf of our levy-payers that provides detailed analysis and suggested adjustments to the advice and recommendations produced by the Commission.

Get in touch with us if you have any additional advice you'd like us to reflect.
Email: enquiries@beeflambnz.com

The Commission has also asked for everyday Kiwis to make their views heard and has some key questions for people to address. If you want to take part in the process, you can read the report [here](#) and find the evidence that underpins the report [here](#). This includes a the chapter focusing on agriculture [here](#). You can also listen to some of the Commissioners present their work in a video [here](#).

Submissions are due by 28 March 2021.

Check the B+LNZ website for updates, including submission guidance – or you can choose to complete your submission online [here](#).

