

Submission

Action on Agricultural Emissions Discussion Document

PREPARED BY: Ashburton District Council
PO Box 94
ASHBURTON 7774

SUBMITTED TO: Ministry for the Environment
Manatū Mo te Taiao
PO Box 10362
WELLINGTON 6143

Donna Favel, Mayor

Donna.Favel@adc.govt.nz

Hamish Riach, Chief Executive

Hamish.Riach@adc.govt.nz

agriculture.emissions@mfe.govt.nz

Introduction

1. Ashburton District Council (“Council”) welcomes the opportunity to submit on the *Action on Agricultural Emissions* discussion document. Elected members appreciated the opportunity to attend a roadshow event on the document here in Ashburton, on Thursday 25 July 2019.
2. Located between the Rakaia and Rangitata Rivers respectively, and an hour’s drive south of Christchurch, more than 34,500¹ residents live in the District, with the main town of Ashburton accounting for 19,280 or 56% of residents. The rest of our residents live rurally or in smaller towns or villages.
3. Ashburton District is one of New Zealand’s fastest-growing districts in New Zealand following the 2013 Census². Since 1996 the district has grown by 23%. The expansion of irrigation and dairy farming on the Canterbury Plains have been major factors in this growth.
4. Ashburton’s economy is strongly reliant on the productivity of the primary sector. Agriculture, Forestry, and Farming accounted for 27.1% of the District’s GDP, manufacturing (much of it related to primary production) accounted for 11.2%. The wealth generated flows through to other industries and employment in our community.
5. Council notes and supports the Primary Sector Climate Change Commitment, *He Waka Eke Noa – Our Future In Our Hands* (which is referred to in your discussion document as Option 2) and the submission of NZ Federated Farmers.

¹ Source: Statistics New Zealand Population Estimates 30 June 2018

² Source: Statistics New Zealand 2013 Census

Key Points

6. New Zealand depends heavily on its land, soil, and water for current and future wellbeing. This dependency is proportionately even greater in the Ashburton District. As a Council, we have acknowledged the current and future impacts of climate change and the need to respond in ways that promote the present and future well-being of our community.
7. Council shares the aspirations of primary sector leaders and the Government to see NZ farmers shift to more environmentally sustainable farming systems. Council notes and respects the primary sector's commitment to actions that reduce or offset emissions, in support of the Paris Goals.
8. Council is closely connected to its rural community and recognises that achieving change on-farm is a significant challenge. While many farmers recognise the reality of climate change and are focused on adapting to it, many are seeking advice on the practical actions they can take, and there is a need to expand the toolbox available to them. Your discussion document estimates there are 20,000 to 30,000 farmers and growers. Even in a single district like Ashburton, we have a diverse primary sector with farmers and growers who differ in their awareness, motivation, capacity, and capability to address change. One size will not fit all.
9. Council understands that many agricultural Industries, such as Fonterra, Dairy NZ, Beef and Lamb and FAR are committed to on farm improvements and have invested heavily in Research and Development for the betterment of their respective Industries. In fact the Ashburton District Mayor, Donna Favel, was at a presentation (LGNZ – Rural and Provincial), where Minister James Shaw noted, that if he was to give an award to the sector who made the most positive impact to the Environment for the last year, it would be Dairy NZ.
10. Council shares the concerns of farmers who believe that a pricing mechanism that is not accompanied by practical tools to reduce and offset emissions creates a risk that farmers will be set up to fail. This risk is especially important when reducing emissions sits alongside the need to improve water quality, to protect biodiversity, to manage animal welfare, and maintain a viable business within integrated farming systems.
11. The dairying community in our District faces all of these challenges and has also been greatly affected by Mycoplasma Bovis. The compounding effects of this and other issues are a daily reality for people working on the land in this District and for the services that support them. We have local elected members who work alongside the Rural Support Trust and understand at first hand the social impacts on the farming community.

Answers to the Consultation Questions

Question 1 – Best way to Incentivise Farmers

12. Council concurs with the views expressed in the Primary Sector Climate Change Commitment, and by Federated Farmers, that pricing mechanisms can have a role to play **if** they are appropriate **and if** Government, the primary sector and iwi/Maori can create an environment that supports farmers to make changes on the ground. Clause 22 of the Primary Sector Climate Change Commitment sets out in detail what that environment includes.

Question 2 – Pros and Cons of farm level and processor level pricing

13. Council understands that the Interim Climate Change Committee, the proposal from Government, and the Primary Sector Climate Change Commitment all agree that the pros of farm-level pricing for livestock emissions outweigh the cons. The primary sector and Government differ on what exactly an appropriate pricing mechanism might be, even as they agree that they need to work together on that detail.

14. Council notes the rationale for pricing fertiliser emissions at the processor level and accepts that, at this time, this is the most cost-effective approach. Council supports maintaining flexibility to move to farm level pricing for fertiliser emissions if verifiable practices could be used on-farm to reduce emissions from fertiliser.

Question 3 – Key building blocks for on-farm pricing

15. Council believes the primary sector has identified the key building blocks in the 5-Year Programme of Action contained in the Primary Sector Climate Change commitment. Council can only add that the 5-year time frame will be tight, and the Government will need to ensure that it is properly resourced to achieve its objectives.

Question 4 – What to consider when choosing between Option 1 and Option 2.

16. Council notes that processor level pricing for livestock emissions is an inferior approach to on-farm pricing, in terms of its ability to recognise the efforts made on-farm. To the extent that processor level pricing is a blunter policy instrument, it is likely to be less effective as a tool for motivating changes to behaviour. Government and the Primary Sector hold different opinions over whether the Government should introduce processor-level pricing as an interim measure in the period before 2025. The information contained in the ICCC report, the discussion document and the Primary Sector Climate Change Commitment traverse the arguments thoroughly.

17. Council notes Government states that an interim measure is needed to incentivise farmers to reduce emissions now. NZ farmers already lead the world in reducing emissions, which suggests to Council that farmers are already motivated and that this argument lacks substance. The Ministry states, in the discussion document, that NZ agriculture has similar emissions footprint to its competitors.

18. Council appears to have a different understanding of what constitutes a similar footprint. In a story published on Saturday 10 August on the Stuff website³ we note:

“Although agriculture is responsible for almost half of New Zealand's greenhouse gas emissions, international research consistently concludes Kiwi farm systems are among the most emissions efficient.

That extends to dairy where, despite the size of the national herd and the volume of methane it collectively belches, our industry still has a comparatively small carbon footprint. While the global average for emissions from milk production, processing, and transport is estimated at 2.4kg carbon dioxide equivalent per litre of milk, Kiwi dairy farmers are about 60 per cent more emissions efficient.

The emissions from a litre of milk produced here are estimated at between 0.8kg and 0.9kg CO₂-equivalent. The average for Europe and the United States is 1.3.

It's a similar story for red meat production. Reports commissioned by Beef and Lamb show the production of a kilogram of New Zealand beef generates 22kg of carbon dioxide equivalent, and 1kg of lamb generates 19kg of CO₂-equivalent. The global median is 26.6kg for a kilo of beef and 25.6kg for a kilo of lamb.

A 2009 study found New Zealand lamb exported to the United Kingdom had a lower carbon footprint than domestically grown lamb – even after factoring in the emissions from shipping the meat to Europe.”

19. To recap, dairy production is 60% more efficient than the global average and 30% more efficient than Europe and the United States (the competitors considered by the Ministry to have a similar footprint). And red meat is a similar story.
20. Council recognises that Option 1 provides a farmer/grower revenue stream for re-investment in the Work Programme. Council also notes and endorses the observations in Chapter 13.1 of the ICCC report about the need for transparency and governance around recycling funds, if the Government chooses to pursue that Option.

Question 5 – What is the better interim measure?

21. Council believes that Option 2 is the better interim measure.

Question 6 – Protection of iwi/Māori interests

22. Council recognises that Government must approach iwi/Māori over this issue through the lens of the principles of the Treaty of Waitangi. Council has previously noted in this submission that farmers and growers have different levels of awareness, motivation, capacity, and capability. That is no less true of iwi/Māori farmers and growers as a subset of all farmers and growers. Beyond that, the Council would encourage the Government to be consistent and even-handed in its treatment of all affected parties.

³ Stuff Website; 10.08.2019 Source: <https://www.stuff.co.nz/business/farming/114882066/fact-check-are-our-farm-systems-any-better-for-the-climate>

Question 7 – Barriers and Opportunities

23. Council notes that the information contained in the ICCC report, the discussion document and the Primary Sector Climate Change Commitment traverse the information and arguments on barriers and opportunities thoroughly. Having noted the need to put more tools in the toolbox to enable improvements to sustainable farming systems, Council believes there will be a need to turn to genetically modified organisms, such as the genetically modified ryegrass developed here and trialled in North America. These innovations promise a reduction in methane emissions, greater drought resistance, and less water consumption. When these innovations are available on international markets, lack of access to them will undermine the global competitiveness of our products if they are not available to our farmers and growers. From a well-beings viewpoint, and noting the previous expressed (and unequivocal) opinions of the Government Science Advisor on the safety of GMO, the Council sees this as a compelling argument.

Question 8 – Impacts

24. Council recognises that the impacts of pricing agricultural emissions will have economic, environmental, social, and cultural wellbeing implications – and that these issues are closely inter-related. We would have preferred more time to consider these in a more specific way relative to our District. However, the timeframes for lodging submissions have precluded that consideration.

25. Council has genuine concerns for the wellbeing of our residents. Safer Ashburton recently reported that the District’s suicide rate is above the national average (14.3 deaths per 100,000 people, compared with 12.1 deaths/100,000 people for New Zealand)⁴. While it is difficult and unwise to try and identify one root cause for this sad state of affairs, it does cause us to reflect on the impact events, compliance and regulations may be having on our residents. We understand the need for change and remediation, but seek that this is supported with tools for mitigation and glimmers of optimism in the solution.

26. The economic impacts are particularly worrying, given the prominence of primary production in our economy and how that could flow on to social wellbeing and the health of the environment.

27. In its submission to the Zero Carbon Bill, Silver Fern Farms noted that:

“In 2018 our processing plants at Takapau in the Central Hawke’s Bay and Pacific in Hastings employed over 1000 people in the peak of the season. This region alone generated \$535 million in export receipts last year. We exported the equivalent of 3,400 containers of food from the Hawke’s Bay. In 2018 we paid over \$70 million in wages, over \$30m in goods and services to businesses in the region and \$418 million in livestock payments to farmers.

Not accounting for inflation, market changes and exchange rates, if a 24% reduction in livestock production was seen today it would cost the region \$128m in export income, reduce

⁴ Safer Ashburton Strategic Plan 2019-24, source <https://www.saferashburton.org.nz/wp-content/uploads/2019/06/Strategic-Plan.docx.pdf>

wages by \$17m, and reduce farm income from red meat by \$100 million. Potentially, some 240 processing job losses would result from the reduced production, though changes of such scale would likely force wide-scale industry restructuring.”

By way of crude comparison, our District has a workforce of just over 19,000 with 24.1% employed in Farming, Forestry, and Agriculture. That is 4,560 livelihoods that are affected in the primary sector alone, without considering the flow-on to other parts of the local economy. It is not difficult to conceive economic impacts for Ashburton far outstripping the Central Hawkes Bay/Hastings figures from Silver Fern Farms.

Other Comments

28. Returning to a matter touched on in paragraph 24, Council observes that the timeframe for consultation on the discussion document is **just** four weeks, for a proposal that has significant consequences for the rural sector, the local and national economy, and the local and national well-being of our community. We acknowledge the urgency of the issue and access to a local roadshow. In the context of a report that Government received in April and has considered for ten weeks before its release, some **could** argue that the short consultation period suggests an element of pre-determination, and Council urges Government to approach its decisions with an open mind.

Additional Questions on Free Allocation

29. Council notes that, under its expressed preferred Option 2, the issues related to free allocation either do not arise until 2025 or do not arise at all.

30. Aside from its preference for Option 2, the Council has no particular points of objection to proposals A, B & C.

31. Regarding proposal D, the Council believes that improvements by farmers and growers in the efficiency of primary production are the result of innovation and hard work and should neither be taken for granted nor considered business as usual.

Closing Remarks

32. Council supports the views expressed in the Primary Sector Climate Change Commitment. In doing so, we are concerned to ensure that the move to higher standards of sustainability in farming practice are properly supported. We commend the 5-Year Plan of Action to you for your most serious and careful consideration.

33. There is an urgent need to find solutions that work on-farm. There is conditional support for a pricing mechanism for livestock emissions that can be practicably achieved without knee-capping the rural and national economy. Government, the primary sector and iwi/Māori have recognised the need to work together to find these solutions.

34. Council is not convinced by the arguments in favour of interim pricing of livestock emissions at processor-level, other than that it will provide a convenient revenue stream for the

investments in research and development needed to help lift our world-leading emissions efficiency to higher levels.

35. Council prefers Option 2 and cautions Government that, if it ultimately prefers Option 1, it should proceed with great care. The stakes are high and the economic, social, cultural and environmental consequences of political misjudgement could be very damaging. Council thanks you for the opportunity to make this submission.



HAMISH RIACH
Chief Executive



DONNA FAVEL
Mayor