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Committee Secretariat
Primary Production Committee
Parliament Buildings
Wellington
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DairyNZ submission to the Primary Production Committee on the Climate Change Response (Emissions Trading Scheme Agricultural Obligations) Amendment Bill

1. DairyNZ appreciates the opportunity to provide feedback to the Primary Production Committee on the Bill to amend the Climate Change Response Act 2022 to remove agriculture activities from the New Zealand Emissions Trading Scheme.

DairyNZ supports the Climate Change Response (Emissions Trading Scheme Agricultural Obligations) Amendment Bill to remove agriculture, animal processors and fertilizer companies from the New Zealand Emissions Trading scheme (NZ ETS).

Introduction

2. DairyNZ is the industry-good organisation representing all 11,000 of New Zealand's dairy farmers. We seek to progress a positive future for New Zealand dairy farming through enhanced sustainability, profitability, and competitiveness. The dairy sector employs 55,000 people, generates \$25b in export earnings, and comprises one third of all goods revenue.
3. DairyNZ is committed to dairy farming playing its part in transitioning to a low-emissions economy alongside the rest of New Zealand. We have extension and engagement programs supporting the dairy sector to farm more efficiently and profitably, with fewer emissions. Our scientists are actively involved in research projects exploring emerging mitigation technologies and their potential application to New Zealand dairy farms.

Key points

4. DairyNZ supports the Climate Change Response (Emissions Trading Scheme Agricultural Obligations) Amendment Bill to remove agriculture, animal processors and fertilizer companies from the New Zealand Emissions Trading Scheme (NZ ETS).
5. Fundamentally, DairyNZ does not support agricultural emissions entering the NZ ETS. The NZ ETS is a complex mechanism with a high administrative burden for farm-level obligations that don't accommodate the nationally legislated split gas approach to New Zealand's emissions.



6. The NZ ETS is not an appropriate tool for pricing biological greenhouse gas emissions from agriculture. It is a blunt mechanism that does not consider the trade-offs of pricing agriculture against the broader economic and societal impacts, including emissions leakage.

Agricultural Emissions

7. DairyNZ welcomes the opportunity to engage directly with the Government to establish the new Pastoral Sector Group that will look at biogenetic methane. This is timely with the outcomes of the Government's response to the 2050 target review expected early next year, including receipt of advice from the Climate Change Commission and the outcome of an independent methane science review. We believe that decisions on targets should be informed by understanding the warming impacts, to correct the current disconnect between how emissions are measured and the warming they cause.
8. We also welcomed the significant increases in Government and industry funding for R&D, including via AgriZero and the New Zealand Agricultural Greenhouse Gas Research Centre. Practical, cost-effective solutions are urgently needed for New Zealand's pastoral farming systems.
9. It is important that innovation is encouraged with appropriate regulatory settings. We welcomed the announcement of a regulatory review of the approval process for new agricultural products. Delays and complications in getting approvals to test innovative products like methane inhibitors are preventing mitigation tools from getting into the hands of farmers.

SUBMISSION ENDS

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