HELP FARMING CURB CLIMATE BREAKDOWN

OXFAM AOTEAROA SUBMISSION GUIDE FOR CONSULTATION ON PRICING AGRICULTURAL EMISSIONS

Right now, our government is consulting on proposals for pricing agricultural carbon emissions to incentivise their reduction.

Make a submission now. You don't need to answer all the questions and can just choose to provide general feedback

This submission guide takes you through some key messages from Oxfam Aotearoa, with relevant information and arguments that you can borrow or adapt for your submission.

Communities on the frontline across the Pacific and beyond are already feeling the catastrophic impacts of climate crisis. Aotearoa New Zealand needs to do its fair share to stop this destruction.

Climate change is caused by pollution of the atmosphere with carbon dioxide and other gases like methane and nitrous oxide that are causing dangerous warming and extreme weather. To prevent further harm, we need to reduce this climate pollution.

Half of Aotearoa New Zealand's climate pollution comes from agriculture. We need to support our farmers to do their fair share of reducing emissions.

Methane from our livestock makes up more than three quarters of agricultural emissions. Most of the rest comes from the use of synthetic nitrogen fertiliser, which gives off nitrous oxide, a dangerous and long-lived climate pollutant.

Reducing methane pollution now, as part of reducing total carbon emissions, is essential to avoiding the climate crisis getting worse. Methane is 86 times more dangerous to the climate over a 20-year period than carbon dioxide.

In our campaign to help farming curb climate breakdown we said we wanted to greatly reduce farming pollution by:

- bringing agriculture into the Emissions Trading Scheme so everyone pays the full price for their pollution; and
- using the revenue to help farmers shift to regenerative, sustainable agriculture.

The government's current proposals to price agricultural emissions do not go far enough towards these goals, but they give us an opportunity to call on our government to do more.

KEY MESSAGE

Reducing methane pollution now, as part of reducing total carbon emissions, is essential to avoiding the climate crisis getting worse for communities in Aotearoa New Zealand, the Pacific, and around the world. We need to support our farmers to do their fair share of reducing climate pollution by fully pricing emissions and funding a shift to regenerative low emissions agriculture.

Raise the level of ambition

The proposals need to go further to reduce climate pollution from agriculture and methane emissions in particular. Aotearoa New Zealand needs to be more ambitious and do our fair share to protect our shared planet.

The preferred proposals in the consultation document are expected to result in only a 4% reduction in methane emissions by 2030. This leaves a gap to meet the minimum legislated requirement of a 10% reduction, which is expected to be achieved by other means, including fresh water and fertiliser regulations.

What's worse, unfortunately, is that people in our government and the agriculture industry have interpreted the minimum 10% reduction as the highest level of action that can be expected from the sector.

This isn't good enough. Further, it isn't consistent with Aotearoa New Zealand's national and international commitments.

In the Climate Change Response Act 2002, our government committed to reduce agricultural methane emissions by 10% below 2017 levels by 2030. This sets a minimum threshold, but should not be treated as a maximum ambition for policy. The Act is clear that polices must ensure that emissions reductions 'meet or exceed' the target. There are good reasons for policy to seek to exceed the minimum targets.

Aotearoa New Zealand has joined 124 other countries in signing the Global Methane Pledge that commits us to collective action to reduce methane emissions by 30% below 2020 levels by 2030. For agriculture in Aotearoa New Zealand to make an *average* contribution to this goal would require us to reduce methane emissions by 29.7% below 2017 levels by 2030. But there are good reasons to set our ambition even higher than this.

Under the UN Framework Convention on Climate Change (UNFCCC), every state including Aotearoa New Zealand has committed to: 'protect the climate system for the benefit of present and future generations of humankind, on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities.' This means that relatively rich countries like Aotearoa New Zealand, who have contributed the most to climate change, are expected to do more than the global average to reduce our climate pollution.

Aotearoa has committed in our Nationally Determined Contribution (NDC) under the UNFCCC process to reduce our net emissions by 50% from our 2005 gross emission levels by 2030. Current policies will not achieve this and government has indicated it intends to purchase offshore credits to make up the difference. This will be expensive and is not a globally just way to meet our international commitments. We need to raise our level of ambition to meet or exceed our NDC targets by cutting our own climate pollution here in Aotearoa New Zealand.

The government's current proposals to price agricultural emissions have set the bar too low and then failed to clear it. Greater ambition is needed for agriculture to make a fair contribution to meeting our domestic and international commitments to reduce methane pollution.

KEY MESSAGE

The proposals need to set a higher ambition for reducing climate pollution from agriculture, including methane emissions. Policy should be set to exceed the minimum targets set in legislation and meet our international commitments. Agriculture emissions pricing should aim to reduce total emissions by at least 50% from 2017 levels by 2030, with a reduction in methane pollution of at least 30%.

Agriculture must do its fair share

For years now the agricultural sector has been voluntarily working to reduce its carbon emissions, with support from government through initiatives such as the New Zealand Agricultural Greenhouse Gas Research Centre. Yet, agricultural emissions comprise half of Aotearoa New Zealand's carbon emissions. The sector needs to do its fair share to get our emissions down.

Failure to properly price agricultural emissions amounts to a massive subsidy, worth over $3 billion a year at current carbon prices. This subsidy is paid by all of us, since the cost of meeting carbon emissions budgets through the Emissions Trading Scheme (ETS) is paid through the price of fuel and other products. Consumers in Aotearoa are effectively subsidising our largest export industry.

Other high emissions industries that are exposed to global trade are also effectively subsidised with free ETS unit allocations of up to 90%, reducing by 1% each year. In contrast, government proposals would subsidise the cost of agricultural emissions by at least 95%.

There is no justification for subsidising agriculture, largely for export, at a higher rate than other industries. Rather than subsidising pollution, our government should be actively leading all industries, including agriculture, through a just transition to a renewable and low emissions economy.

Agriculture should pay the full price of their climate pollution (as should all industries). This must be coupled with major public investment to support a transition to low emissions regenerative farming that is more diverse, more organic and plant-based, more able to meet local food needs, and more focused on quality over quantity for exports.

KEY MESSAGE

Agriculture should pay the full price of their climate pollution (as should all industries). This should be coupled with public investment to support farmers through a transition to regenerative low emissions agriculture.

Fully price nitrogen fertiliser emissions at source

To cut climate pollution from agriculture in Aotearoa New Zealand, we need to reduce our use of synthetic nitrogen fertiliser. One way to encourage this is to directly charge the producers of synthetic nitrogen fertilisers for their emissions.

Farms in Aotearoa New Zealand use huge volumes of synthetic nitrogen fertiliser. Between 1990 and 2020, use of synthetic nitrogen fertiliser in Aotearoa New Zealand increased by 793% from 59,265 to 470,000 tonnes. Synthetic nitrogen fertiliser dramatically increases emissions of nitrous oxide from soil, a dangerous form of climate pollution, as well as enabling the kind of intensive dairy farming that contributes the most to our methane emissions. Nitrate runoff from synthetic fertiliser is also one of the worst contributors to the pollution of our rivers and streams in Aotearoa New Zealand.

The easiest and fairest way to price the emissions from synthetic nitrogen fertiliser is to directly charge the full price at the point of production or import, in the same way we do for fossil fuels. Producers and importers of agricultural fertiliser should be brought into the Emissions Trading Scheme without subsidy or free allocation.

Pricing nitrous oxide emissions at the producer level is one of the options being consulted on in the government proposals. The other option, to price nitrous oxide emissions at the farm level, would be more difficult and costly for farmers and has no clear benefits.

Fully pricing fertiliser emissions at the producer level would raise revenue that can be used to support a transition to regenerative and organic farming that protects our environment and climate.

KEY MESSAGE

Synthetic nitrogen fertiliser is a major contributor to climate pollution and should be fully priced by bringing producers and importers of agricultural fertiliser into the Emissions Trading scheme without subsidy or free allocation. Revenue should be used to support a transition to regenerative and climate-safe farming, including organic farming practices.

Cap and reduce methane emissions

To achieve our goals for a safer climate, it is essential that we set a limit on methane emissions to reduce over time. The government proposals currently fail to put an overall limit on methane emissions. The government proposals would give Ministers the power to set a levy on methane emissions, with advice from the Climate Change Commission. But this relies on future governments setting the price high enough to make a difference.

Minister for Climate Change, James Shaw, has proposed a sinking lid cap and trade scheme for methane emissions instead of a set levy. Permits would be sold or auctioned to farms and could be traded. This would have the advantage of setting a limit on methane emissions to reduce over time in line with our international obligations. It also would not rely on future governments to set the emissions price. This option is included in consultation, but not as part of the preferred government proposals, which were set by Cabinet.

KEY MESSAGE

To do our bit for a safe climate, Aotearoa needs to set a limit on total methane emissions and lower the cap over time. One good option for doing this is to introduce a farm-level trading scheme for methane emission permits.

Fund action to reduce emissions and restore natural areas

Farmers need assistance to transition to regenerative agriculture. Revenue raised from fully pricing agricultural emissions should be used to support farmers with funding for actions proven to reduce gross emissions, shift to regenerative farming, and to implement nature-based solutions to protect and restore natural areas.

Expanding funding for regenerative farming and nature-based solutions would have important co-benefits, including creating local employment and protecting natural environments. Farmers should be supported to plant and protect trees, especially native forests, and to restore wetlands on their land. Funded activities could include fencing to exclude livestock, planting, and pest control.

KEY MESSAGE

Revenue raised from fully pricing agricultural emissions should be used to support farmers with funding for actions proven to reduce gross emissions, shift to regenerative farming, and implement nature-based solutions to protect and restore natural areas.

Support Māori farmers and honour Te Tiriti o Waitangi

As tāngata whenua, the indigenous people of this land, Māori have farmed in Aotearoa for hundreds of years. The collective rights of iwi and hapū to maintain their lands are guaranteed by Te Tiriti o Waitangi, but these rights have been repeatedly violated, leading to massive loss of Māori land. It is important that a transition to sustainable and low emissions agriculture is co-designed with Māori and contributes to overcoming, rather than entrenching, past injustices.

Māori farmers and communities have significant collective wisdom to contribute to a vision of more sustainable and regenerative farming in Aotearoa New Zealand. Māori farmers are often already leading efforts towards more sustainable agriculture, and are more likely to already be conserving areas of native forest on their lands. Our approach to emissions pricing should recognise and support these efforts, including through a dedicated fund to support nature-based solutions on Māori land.

KEY MESSAGE

We must honour Te Tiriti o Waitangi by ensuring that the transition to sustainable and low emissions agriculture is co-designed with Māori and contributes to overcoming, rather than entrenching, past injustices.