

**Submission on:** Climate Change Response (Zero Carbon) Amendment Bill

**To the:** Environment Select Committee

**From:** The New Zealand Institute of Primary Industry Management

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## 1. Introduction

The New Zealand Institute of Primary Industry Management (NZIPIM) welcomes the opportunity to make a submission on the Climate Change Response (Zero Carbon) Amendment Bill (the Bill).

NZIPIM supports the intent of the Bill in providing a framework to develop and implement stable climate change policies as part of a global effort to limit the global average temperature increase to 1.5°C above pre-industrial levels.

NZIPIM supports the Bill's proposal to distinguish between biogenic methane as a short-lived gas and other greenhouse gases (such as carbon dioxide and nitrous oxide). However we are concerned that the targets proposed for biogenic methane reductions are ambitiously high. Until practical mitigation strategies become widely available to livestock farmers, which allow them to effectively reduce biogenic methane levels without undermining the financial viability of their businesses, it will result in detrimental unforeseen consequences.

By way of background, NZIPIM is the peak industry body for the rural profession. We have over 1,050 members from a diverse range of occupations within the rural profession, including farm management advisors, rural bankers, farm accountants, fertiliser consultants, rural valuers, representatives from industry good organisations, CRIs, universities and agribusiness service providers.

Our members work with farmers on a day-to-day basis in helping them achieve their goals in running successful and financially sustainable farm business enterprises. This has wider flow-on benefits for the economic and social wellbeing of rural communities and the New Zealand economy, generating primary industry exports forecast to be \$45.7 billion to the year ending June 2019.<sup>1</sup>

## 2. SUMMARY OF RECOMMENDATIONS

- 2.1 To ensure transparency of appointees to the nomination committee, NZIPIM recommends separate sub-section 5F(4) be included in the Bill as follows:

***5F(4) In the appointment of members to the nomination committee, the Minister must –***

- (a) Consult representatives of all political parties in Parliament on the appointment of members to the nomination committee; and***
- (b) The appointment process of members to the nomination committee must be made publicly available.***

- 2.2 At least one member of the Commission should have professional expertise and knowledge of the economic impact of climate change policy. NZIPIM therefore recommends that the inclusion of a separate sub-section 5H(1)(e) be included in the Bill as follows:

***5H(1)(e) Professional expertise in economics and knowledge of the economic impact of climate change and climate change policy interventions on the economy.***

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<sup>1</sup> Situation and Outlook for Primary Industries: June 2019 ([link](#))

- 2.3 NZIPIM supports distinguishing between biogenic methane as a short-lived gas and other greenhouse gases (such as carbon dioxide and nitrous oxide).
- 2.4 The interim requirement to reduce biogenic methane emissions to 10% below 2017 levels by 2030 under sub-section 5O(1)(b)(i) is a highly ambitious target for livestock producers across different farm systems. The ability to achieve this target will be reliant on the capability of farmers and their advisors to pick up and implement what is a limited range of strategies to reduce biogenic methane emissions under this target.
- 2.5 The proposed target under sub-section 5O(1)(b)(ii) represents a significant challenge for livestock producers based on what we know today and potentially undermines the financial viability of farming enterprises.

A significant scientific and/or technological breakthrough will be needed to meet the aspirational target of reducing biogenic methane emissions by at least 24% to 47% by 2050. In the absence of such a breakthrough the effect of this target could simply be to reallocate livestock farming from New Zealand to countries with less stringent targets and with no reduction in global emissions. Given this, NZIPIM recommends sub-section 5O(1)(b)(ii) not be included in the Bill. Instead NZIPIM recommends this be replaced with a new sub-section 5O(1)(b)(ii) that allows for a review of biogenic methane emission targets based on new technologies and farm systems change options available to livestock farmers as follows:

***5O(1)(b)(ii) the Commission may review future gross emissions of biogenic methane targets after 1 January 2030 to consider future targets based on the effectiveness of the technological developments available.***

- 2.6 NZIPIM recommends amendments to sub-sections 5Z(2)(b)(vi) and 5Z(2)(b)(x) in the Bill as follows:

***5Z(2)(b)(vi) the economic and social impact of the actions taken to achieve the 2050 target:***

***5Z(2)(b)(x) the responses to the threat of climate change by all parties to the Paris Agreement or to the Convention and outside the Paris Agreement or the Convention:***

### 3 COMMENTS ON THE BILL

#### 3.1 Section 5F: Establishment and membership of nominating committee

Under section 5F(1), the Minister must establish a committee to nominate candidates to the Minister for the appointment of members to the Commission. Given the important role of the Commission and how its decisions could impact on the economic and social wellbeing of New Zealand, it is important to ensure that its members are highly capable and immensely qualified for the role.

To ensure this occurs, the selection process for members to the nomination committee needs to be suitably robust and transparent to provide public confidence in the nomination committee's capability and competency.

NZIPIIM recommends separate sub-section 5F(4) be included in the Bill as follows:

***5F(4) In the appointment of members to the nomination committee, the Minister must –***

- (a) Consult representatives of all political parties in Parliament on the appointment of members to the nomination committee; and***
- (b) The appointment process for members of the nomination committee must be made publicly available.***

### **3.2 Section 5H: Matters Minister must consider before recommending the appointment of a member of the Commission**

Under section 5H, the Minister must consider the knowledge and expertise of members of the Commission.

Given the potential impact that climate change policy interventions could have on New Zealand's economy, it is important to ensure that a member (or members) of the Commission have a high level of professional expertise in economics and are clearly able to understand the impact that climate change policy interventions could have on the economy. This is even more relevant if the Commission is to fully consider *the likely economic effects* of climate change policy in performing its duties and functions outlined under section 5L(c).

NZIPIIM recommends that a separate sub-section 5H(1)(e) be included in the Bill as follows:

***5H(1)(e) Professional expertise in economics and knowledge of the economic impact of climate change and climate change policy interventions on the economy.***

### **3.3 Section 5O: Target for 2050**

NZIPIIM supports the separation between biogenic methane as a short-lived gas and other greenhouse gases (such as carbon dioxide and nitrous oxide), rather than setting a single target for all greenhouse gases. Splitting out methane better reflects New Zealand's economic export base, which is still heavily reliant on the production, processing and sale of animal-based proteins.

While we support the split of biogenic methane from other greenhouse gases, NZIPIIM believes the Bill's proposed targets to reduce biogenic methane go well beyond what is required for net zero carbon equivalency.

The interim requirement to reduce biogenic methane emissions to 10% below 2017 levels by 2030 under 5O(1)(b)(i) is a highly ambitious target for livestock producers across different farm systems. While potentially achievable through incremental improvements in feed efficiency and reduced stocking numbers, this comes at the expense of profitability to farming enterprises, which in turn has an economic impact on rural communities providing support services to farming businesses. The ability for every livestock farmer in the country to achieve this target will be highly reliant on the capability of farmers and their advisors to pick up and implement what currently is a limited range of strategies to reduce biogenic methane emissions.

The next target under sub-section 5O(1)(b)(ii) to reduce biogenic methane emissions within the range of 24% to 47% below 2017 levels by 2050 represents a significant challenge for livestock farmers. We believe that it has the potential to seriously undermine the financial viability of farming enterprises in New Zealand based on the methane mitigation strategies available today.

The Government and the agricultural industry has invested around \$45 million into the Pastoral Greenhouse Gas Research Consortium (PGgRc) between 2009 and 2019. PGgRc's scientific programmes are world leading, but have yet to produce the scientific breakthrough needed to provide the transformative change that can be effectively rolled out to livestock farmers in reducing agricultural greenhouse gas emissions.

NZIPIIM supports New Zealand playing its part in lowering greenhouse gas emissions. However, setting unreasonable targets in reducing biogenic methane emissions that damage the financial viability for farming enterprises will not foster support for what the Bill is seeking to achieve by livestock farmers, associated service providers and rural communities.

NZIPIIM believes that the biogenic methane 2050 targets proposed in the Bill should be consistent with the scientific and technological advancements available to livestock farmers that are able to deliver effective and economically viable practices and/or products to help farmers mitigate biogenic methane emissions. If the targets exceed the levels of reduction that New Zealand farmers are able to achieve, the net result could be a reallocation of livestock farming out of New Zealand and into countries with less stringent targets around biogenic methane emissions and with no reduction in net global emissions.

NZIPIIM recommends sub-section 5O(1)(b)(ii) not be included in the Bill. Instead NZIPIIM recommends this be replaced with new sub-section 5O(1)(b)(ii) that allows for a review by the Commission of future biogenic methane emission targets based on new technologies and farm systems change options that can be effectively and efficiently adopted by livestock farmers in reducing methane levels, ably supported by capable advisors and extension officers.

NZIPIIM recommends replacing sub-section 5O(1)(b)(ii) in the Bill as follows:

***5O(1)(b)(ii) the Commission may review future gross emissions of biogenic methane targets after 1 January 2030 to consider future targets based on the effectiveness of the technological developments available.***

### **3.4 Section 5Z: Matters relevant to advising on, and setting, emissions budgets**

Although economic circumstances are considered under 5Z(2)(b)(ix), this relates more to the impact of the Government's fiscal situation through its ability to collect taxes and spend public funds.

Greater emphasis needs to be given to private enterprise, particularly the impact on the overall economic and social wellbeing of New Zealanders in considering and setting emission budgets.

NZIPIM recommends an amendment to sub-section 5Z(2)(b)(vi) in the Bill as follows:

***5Z(2)(b)(vi) the economic and social impact of the actions taken to achieve the 2050 target:***

The geopolitical environment has changed considerably since the signing of the Paris Agreement in 2015. In June 2017, President Trump announced that the United States - the world's largest emitter of greenhouse gases - would cease all participation in the 2015 Paris Agreement on climate change mitigations.<sup>2</sup> Should other countries decide to no longer be parties to the Paris Agreement for various reasons (e.g. deep recession, reduced market competitiveness required to meet emission targets, trade wars, etc) and decide to ramp up ruminant animal production without needing to meet climate change obligations, this has the potential to impact upon our global markets for animal proteins.

The Commission needs to consider this in their deliberations, particularly where countries that directly compete with New Zealand's agricultural products in the marketplace no longer choose to remain under the Paris Agreement, or worse still remain but willingly ignore it.

NZIPIM recommends an amendment to sub-section 5Z(2)(b)(x) in the Bill as follows:

***5Z(2)(b)(x) the responses to the threat of climate change by all parties to the Paris Agreement or to the Convention and outside the Paris Agreement or the Convention:***

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<sup>2</sup> Wikipedia – United States withdrawal from the Paris Agreement ([link](#))