

Farm levy/rebates way to go

An emissions trading scheme would not address the problem of agricultural emissions, said DairyNZ last week in its submission to the Government on its proposals. Here are excerpts from the submission.

DAIRYNZ WILL	industry needs to stabilise absolute net emissions at a reduced level, and to promote emissions efficiency.	cultural emissions. It is an incredibly complicated issue and it's important we get it right the first time.	Climate Change Committee (ICCC), and conversations with leaders in the agriculture sector, to put together several proposals on how best to manage reducing emissions from agriculture.
	New Zealand is the first country to come up with a meaningful approach to reducing agricultural emissions.	We acknowledge that the Government has considered the recommendations of the Interim DairyNZ supports:	



Pricing emissions: farm vs processor

LIVESTOCK EMISSIONS should be priced at farm level on the basis that farmers have the most direct influence over the management decisions that affect emissions and offsets within their farm systems.

A price on emissions at processor level would be ineffective at sending any price signal to incentivise on farm emissions reductions or sequestration because the signal would be too diffuse, and all farmers would be taxed the same regardless of their emissions efficiency.

The ICCG recommends a levy/rebate scheme as the most effective and cost effective way to manage agricultural emissions and support New Zealand's ability to manage the transition toward long term targets. Depending on how any free allocation was distributed, some farmers would pay for their emissions while others would receive a rebate. Relative prices could be adjusted over time to ensure they reflected the New Zealand Emissions Trading Scheme (NZ ETS) price and different targets for different gases.

DairyNZ agrees with the analysis of the ICCG which concludes that the implementation of a farm level emissions levy and rebate scheme, including the use of FEPs, would be less complex and less costly for farmers to comply with than if they faced surrender obligations under the NZ ETS. Revenue collected on emissions above allocation (or carbon removals) could be recycled into an Agricultural Emissions Fund.

This was also the favoured price based option of attendees (many of whom were farmers) at the ICCG regional rural meetings, as it is simple and effective, enables individuality, is a good mix of incentives and penalties, avoids grandparenting, allows new entrants, supports a split gas approach and re-invests in the sector.

Because a farmer-level system would require three-five years to set up, this policy likely could not be implemented until 2025. Farmers may also choose to pay only the levy if the cost of compliance was higher. A levy in general has negative connotations, and adding

an unnecessary bureaucratic layer to revenue recycling should also be avoided.

DairyNZ supports a price signal at the farm level being implemented in 2025 as part of a wider behaviour change framework. We want to work with the Government to determine the best way to price biological emissions in a way which drives behaviour change and rewards actions by farmers.

Should fertiliser emissions be priced at processor level?

DairyNZ believes that nitrous oxide emissions from farm use of fertilisers should also be priced at farm level from 2025 as the best way to incentivise emissions reductions across the sector.

Farmers are able to manage nitrous oxide emissions from fertiliser by adjusting fertiliser quantity and type, and incorporating the use of urease and nitrification inhibitors.

In addition, managing nitrous oxide emissions from livestock and other practices includes making decisions about liming, imported feeds, stocking rates, stand off platforms, effluent and manure management.

Applying a single price based mechanism at farm level would avoid misalignment and confusion, and enable costs to be more directly factored into a range of these management options to reduce emissions overall for an efficient production system.

This approach requires transparency in prices and flexibility for options at farm level.

Pricing fertiliser emissions at processor level based on a national average, as proposed, risks missing out on regional and climatic differences and does not affect farmer choice, and therefore does not incentivise increased GHG-efficient production on farm.

Rather, it will simply result in farmers paying a levy to ultimately produce milk and/or meat. As an analogy, the impacts may be similar to a levy on petrol. An additional levy included in the price of petrol has limited transparency, there are limited options and thus limited effect on behaviour.

■ A priced based mechanism to be introduced at farm level from 2025, and the ICCG's analysis which says a levy/rebate scheme would be a better option than the New Zealand Emissions Trading Scheme (NZ ETS).

■ A solid five-year interim work programme with clear actions, outcomes, targets and timeframes, including implementing the industry's commitments as outlined in the Dairy Tomorrow Strategy and the Primary Sector Climate Change Commitment -- He Waka Eke Noa.

This work programme will ensure:

1. All dairy farmers will know their farm emissions profile and associated emission numbers by 2022

2. All dairy farms will develop and implement Farm Environment Plans by 2025. The plans will assist farms in becoming more environmentally sustainable. The plans will state measurable actions

to reduce greenhouse gas emissions and to improve water quality, biodiversity and biosecurity outcomes

3. The completion of a pilot programme on emissions reporting and benchmarking by 2025

4. The implementation of a farm level agricultural emissions accounting and reporting system by 2025.

DairyNZ does not support:

■ A price based mechanism in the interim period over the next five years. Implementing a processor levy or NZ ETS could lead to revenue recycling of money that would be better spent on farm to prepare for and start the process of managing emissions.

■ Farmers or processors facing surrender obligations under the NZ ETS.

In addition, DairyNZ proposes:

■ Farmers are not precluded from being able to offset a portion of their total emissions at the farm level.

■ Continued co-investment opportunities.

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P&Pd worked in conjunction with dairy farmers to develop a portable, long lasting and strong platform to meet the needs of the New Zealand farmer.

The platform's features are:

- » Five level options from folded (220mm) to full height (850mm)
- » A strong, grippy self draining deck
- » A large brake pedal which can intermittently or permanently disengage the brakes
- » Positive engagement brakes that cannot slip
- » Large ground wheels for easy rolling
- » A large footprint chassis for stability, combined with closed-section, thick wall aluminium beams used in the side rails and scissor beams that give excellent load strength and rigidity
- » Conforms with requirements set for AB use.



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