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Slowing down at 93

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Gas plan stinks

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A PLAN to tax livestock greenhouse gas emissions at a processor level has led the primary sector to band together like never before.

Leaders from 11 primary sector groups including Horticulture NZ, the Foundation for Arable Research, the Federation of Maori Authorities, Federated Farmers and bodies representing the livestock industry have hit back at recommendations from the Interim Climate Change Committee over how on-farm emissions pricing should be introduced and have come up with their own system.

The committee recommended on-farm emissions pricing for methane and nitrous oxide from livestock be introduced in two stages.

A first stage will see emissions priced at a processor level through the Emissions Trading Scheme before farm emissions pricing comes into play in 2025.

Though it supports investigating on-farm emissions pricing by 2025, the primary sector rejects the idea of a processor levy, saying it is little more than a tax and will not change behaviour.

Instead, it proposes a five-year industry-managed programme, to be funded by levy organisations like DairyNZ and Beef + Lamb.

The committee's recommendation will see farmers pay an emissions tax of 1c/kg MS, 1c/kg for beef, 3c/kg for sheep meat and 4c/kg for venison collected by processors. On average that will cost individual farms about $1500 a year or about $30 a week.

Committee chairman Dr David Prentice said implementing the charges as soon as possible through a processor levy is a good investment for the rural sector.

Not only will it encourage farmers to factor emissions into their everyday decision-making, the money raised – around $50m a year – will provide farmers and farm advisers with measurement tools and know-how to control farm emissions before they have to be handled at the farmgate in 2025, a year chosen because officials said it will take at least five years to get the necessary mechanisms and legislation in place for on-farm pricing.

That includes creating auditing processes and tools to measure emissions on farms, building a system to administer a rebate scheme and registering 20,000 to 30,000 farmers. Even implementing and testing a system is likely to take two years.

Committee member and Agricultural Greenhouse Gas Research Centre director Harry Clark says the committee accepts an interim processor levy will not reward farmers who already address emissions.

However, there is no perfect way to get started while moving to better arrangements in future and a processor levy will at least provide certainty for farmers.

Before making its processor levy recommendation the committee did consider a voluntary agreement between the Government and the primary sector as a good way to drive change towards pricing emissions at farm level.

However, while it supported the idea in principle there was a lack of detail and therefore uncertainty over how outcomes might be agreed and monitored and what would happen if targets were not met.

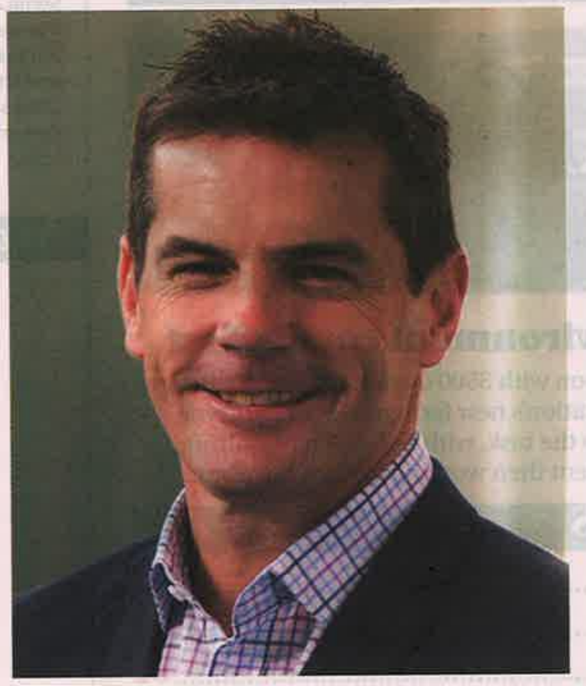
At that time it was unaware of the sector's proposal.

DairyNZ chief executive Tim Mackle said bringing agriculture into the ETS at a processor level amounts to little more than a broad-based tax on farmers before the knowledge, support and tools to drive emissions reductions are available.

"As an alternative we have put forward a proposed five-year work programme to build an enduring farm-level emission reduction framework and work with farmers and the wider rural sector to provide real options to reduce their footprint.

"While appropriate pricing mechanisms for incentivising emissions reductions at farm level can have an important role to play in incentivising change, creating an environment that enables and supports farmers and growers to make changes on the ground is equally important to prepare for farm-based pricing from 2025."

Climate Change Minister James Shaw said the Government is seeking public feedback on the committee's recommendations and the farming sector option over the next four weeks.



WISE SPEND: Implementing emissions charges quickly through a processor levy is a good investment for the rural sector, Interim Climate Change Committee chairman Dr David Prentice says.

Gas tax by the numbers

The yearly per-animal tax	$2.30	$0.47	$0.86	$4.60
How much greenhouse gas (carbon dioxide equivalent) animals emit each year	1.84t	0.38t	0.69t	3.44t
The yearly per-animal cost if farming did not have a free allocation of 95% of emission units	$46	$9.40	$17.40	$92

Source: Interim Climate Change Committee