

*Horticulture is a sector where the impacts would indeed be uneven, and it will be important to make a strong case for financial or other support to growers affected by the move to carbon zero by 2050*

## Climate change and horticulture

*Recently the Climate Change Commission published its draft recommendations for how New Zealand can reach its target of net zero carbon emissions by 2050.*

By Kirk Hope : Chief Executive, BusinessNZ

**To reach the target the Commission is seeking a 2% reduction on 2018 greenhouse gas emissions by 2025; a 17% cut by 2030; and a 36% cut by 2035.**

Those stiff new targets would mean the cost of emissions rising from around \$40 per tonne of carbon currently under the Emissions Trading Scheme, to around \$140 per tonne by 2030, and would mean sector-specific requirements on top of the current Emissions Trading Scheme (ETS) obligations.

Specific policies are recommended for transport, heat, industry and power, agriculture, forestry and waste.

The costs of those policies would fall unevenly on different sectors and also within sectors.



Horticulture, a sector that currently relies at least in part on fossil fuels, would likely face varying cost increases, and HortNZ and others will no doubt be putting in submissions to the Climate Change Commission consultation process.

Among other impacts on horticulture, the Commission's recommendations would mean coal-fired boilers would have to be phased out, with a transition required to other forms of glasshouse heating – a significant transition cost for some.

Growers in the North Island who have moved from coal or oil-fired heating to the more environmentally-friendly natural gas will also be required to change, as the Commission is recommending no new gas connections after 2025 and the use of natural gas to be phased out altogether by 2050.

Transport costs will also rise, in line with the Commission's suggestion that petrol and diesel prices could be expected to rise by up to 30 cents a litre by 2035.

The horticulture sector will no doubt be considering these recommendations carefully and working through the opportunities and challenges posed.

Increased costs will be the main challenge for the industry, but opportunities will also be found.

The key opportunity raised by the move to a net zero carbon environment is of course the prospect of mitigating climate change.

Droughts and water shortages are a key challenge for horticulture. Increasing droughts on the East Coast where many food crops are grown, along with increased variability of weather in other parts of the country, are symptoms of ongoing climate change, and growers will be keenly aware of the need to ensure the rate of climate change is slowed.

The many growers who are exporters will also be very aware of the value of their environmentally friendly brand. Overseas customers increasingly desire foods produced in a healthy, low-emissions environment, and New Zealand's ability to achieve net carbon zero status will be a significant boost to their brand.

Early mover advantage is another opportunity to be gained from forging ahead with the move to carbon zero. While the costs of converting from fossil fuels to other forms of glasshouse heating may be challenging at this time, they could be higher in future - growers who make the change now could reap competitive advantage for the future.

BusinessNZ is working through the Commission's recommendations thoroughly.

We are particularly interested in the Commission's assessment of the net cost of action, and will take some time to work through the assumptions that underpin those costs and what that might mean for businesses.

Our view is that there is a need to have cost-effective alternatives lined up before making significant changes.

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And those changes will have to take into account our reliance on export competitiveness and our need to remain competitive in international markets.

Perhaps the most important requirement overall is to balance our climate action ambition with economic growth.

It is reassuring that the Commission thinks the impact on growth will be small and that the transition will create opportunities for new jobs, business and exports.

But as the Commission acknowledges, the impacts will not fall evenly, and it is important we support those people and businesses who will be impacted.

Horticulture is a sector where the impacts would indeed be uneven, and it will be important to make a strong case for financial or other support to growers affected by the move to carbon zero by 2050. ●



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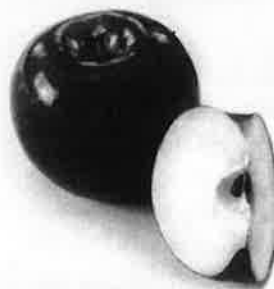
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