

SUBMISSION ON

Deferral of NZ ETS reporting obligations for animals-farmer activities

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To: Ministry for the Environment

Name of Submitter: Horticulture New Zealand

Contact for Service:

Emily Levenson
Environmental Policy Advisor
Horticulture New Zealand
PO Box 10-232 WELLINGTON
Ph: 027 305 4423
Email: Emily.levenson@hortnz.co.nz

OVERVIEW

Submission structure

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HortNZ agrees with delaying the ETS backstop.

Our submission

Horticulture New Zealand (HortNZ) thanks Ministry for the Environment for the opportunity to submit on the Deferral of NZ ETS reporting obligations for animals-farmer activities and welcomes any opportunity to continue to work with Ministry for the Environment and to discuss our submission.

The details of HortNZ's submission and decisions we are seeking are set out in our submission below.

HortNZ's Role

Background to HortNZ

HortNZ represents the interests of approximately 4,200 commercial fruit and vegetable growers in New Zealand who grow around 100 different fruit, and vegetables. The horticultural sector provides over 40,000 jobs.

There is approximately, 80,000 hectares of land in New Zealand producing fruit and vegetables for domestic consumers and supplying our global trading partners with high quality food.

It is not just the direct economic benefits associated with horticultural production that are important. Horticulture production provides a platform for long term prosperity for communities, supports the growth of knowledge-intensive agri-tech and suppliers along the supply chain; and plays a key role in helping to achieve New Zealand's climate change objectives.

The horticulture sector plays an important role in food security for New Zealanders. Over 80% of vegetables grown are for the domestic market and many varieties of fruits are grown to serve the domestic market.

HortNZ's purpose is to create an enduring environment where growers prosper. This is done through enabling, promoting and advocating for growers in New Zealand.



Submission

1. Horticulture and the ETS backstop

While horticultural operations do not fall under the definition of an animals-farmer activity, some of our growers are also animals-farmers. Horticultural operations that use more than 40 tonnes of nitrogen in fertiliser per year, mainly vegetable growers and large orchards, also have an ETS backstop under the designation of fertiliser-farmer activities within the Climate Change Response Act 2002 (CCRA).

Process heat emissions from covered croppers (indoor growing) are already captured by the ETS, and growers of fresh tomatoes and capsicum receive Free Industrial Allocation as Energy Intensive Trade Exposed businesses.

HortNZ affirms our commitment to He Waka Eke Noa (HWEN) and partnership between industry, government and iwi/Māori to tackle climate change mitigation and adaptation for the primary sector.

Discussion Questions

Q. 1 Do you agree with the proposal to defer obligations for animals–farmer activities from 1 January 2024 to 1 January 2026 under the NZ ETS? If not, what alternative options should be explored?

AGREE

Yes, Horticulture New Zealand supports the proposal to defer obligations for animals-farmer activities to 1 January 2026. We agree that more time is needed to legislate and implement an effective agricultural pricing emissions policy. Maintaining a backstop – even when pushed back by two years – is important to hold all stakeholders accountable to reaching an agreement.

Q. 2 Do you think the deferral will have a significant impact on our path to reducing agricultural emissions? Why?

NO

Modelling undertaken to support the HWEN recommendations found that an approach which assists farmers to reduce their on-farm emissions will have a greater impact on the emissions reductions required from 2030 onwards than the ETS. The deferral provides more time to implement a more effective approach.

Q. 3

What impact do you consider there would be on compliance and administrative costs as a result of animals–farmers participating in the NZ ETS? Why?

HIGH IMPACT

There would be a massive impact, especially given the vast number of farmers implicated (100,000 versus 23,000 under the HWEN proposal). It takes significant time and extension services to bring farmers up to speed with their emissions obligations.

The horticultural sector has experience registering covered crop growers for the ETS. The process of joining the scheme is far too complex and administratively burdensome, especially for small businesses who do not have dedicated compliance staff.