



5 Onslow St

Hamilton 3216

Email: steven@agricosulting.co.nz

Web: agricosulting.co.nz

Facebook: [@cranstonconsulting](https://www.facebook.com/cranstonconsulting)

Proposed Agricultural ETS

Timeline and Strategy:

The Government plans to have their basic ETS framework out by Christmas, currently there is no indication they are intending to accommodate the proposed zero warming concept. I believe the only way to get this concept accepted is to win over public opinion. This will be done by demonstrating agriculture is not adding to further warming, therefore is already meeting their Paris agreement obligations. The door should always be open for agriculture to do more, but this should be incentivised, not taxed.

Farmers should not rely on farming representatives to stand up for them on this issue. DairyNZ, B&L, Federated Farmers and even the National Party all agree that farmers are not likely contributing to any further warming of the climate. Even with the increasing weight of scientific evidence supporting farmers, no farming leader has yet been willing to back their case publicly which is concerning.

If farmers want fair treatment under the ETS, they will need to start taking an active interest.

Please contact me via email to support or provide feedback on this proposed plan.

Principles of Zero Warming Agriculture:

- **Farmer's Methane emissions do not add to warming.** Methane emissions must reduce 0.3%/yr to ensure no further warming. Our emissions have dropped 2.9% in the last two years meaning agriculture is well ahead of this target.
- **Farm trees can offset the remaining N2O emissions.** An estimated 870,000 ha is required to offset all warming from N2O emissions, while farmers are estimated to have over 1.6 million ha of trees on their land. (accurate data on this is still required to prove 'zero warming' conclusively)

Farmers are currently being unfairly targeted by Government on two fronts.

1. Methane is currently accounted for using the GWP100 metric, this method does not account for Methane decay so tends to exaggerate the warming impact of methane emissions.
Solution – The ETS must use the new GWP metric*
2. The Government is not giving farmers credit for their pre-1990 trees. There is no wording in the Paris Agreement which prohibits pre-1990 trees being included in national ETS accounting, their inclusion is purely at the discretion of New Zealand policy makers.
Solution – Pre-1990 trees must be included in the ETS.

Advantages:

The idea agriculture is contributing to ongoing warming is implied by the government to justify an ETS tax on farmers. If agriculture can demonstrate zero warming, then we can...

- Prove millions of dollars of ETS tax is unjustified
- Stop the recommended conversion of 1.3 to 2.8 million ha of farmland to forestry
- Improve the negative public perception which has been built on mis-information
- Take advantage of our true net GHG status by marking our products as 'zero warming'
- Take a leadership role in developing the agriculture ETS so it suits our requirements.

How it could work:

Given stabilised Methane does not add to warming, the Agricultural ETS will largely be based on offsetting N2O emissions with CO2 sequestration from farm trees.

- **GWP*** - this new metric will be used to account for Methane.
- **Point of compliance** will be with the individual farmer, not processor.
- **Overseer** – will be used to create an individual farm GHG budget.
- **Remote sensing (satellites)** – will eventually feed Carbon accumulation data into GHG budgets.
- **Revenue neutral** – net GHG emitters would need to compensate net GHG sequestrators to some extent. No ETS funds to be collected by Government.

Compromise is required between sectors:

The Carbon price for the agricultural scheme will need to be negotiated to ensure its advantageous for intensive farmers while also giving the farmers with trees fair compensation.

The scheme must be designed so **all** farmers are better off than under the Government 95% rebate proposal.

Big win for Extensive Sheep and Beef Farmers:

- **Sheep and Beef farmers own 1.6 million ha of bush. The average farmer will generate an income from this proposal.**
- **A Farmer with 3000 stock units would be able to offset all their N2O warming with around 20ha of native bush (assuming stable stock numbers)**
- **Farmers with surplus bush could collect Carbon Credits**

Native bush sequestering 15 t CO2/yr x \$25/t Carbon price = \$375/ha/yr

Please provide feedback and indicate your support if you would like to see this scheme progressed – email: steven@agriconsulting.co.nz