

Question	Response
<p>Question 1</p> <p>Do you think modifications are required to the proposed farm-level levy system to ensure it delivers sufficient reductions in gross emissions from the agriculture sector? Please explain.</p>	<p>The Chatham Islands Council seek an exemption from the levy for farmers on the Islands. Their emissions are already very low due to the nature of the farming that takes place. Nitrogen fertilisers are not used and stock numbers are very low compared with mainland New Zealand. Chatham Island farms are already operating at a level where margins are very low and asking them to further reduce emissions will cause financial hardship and increased stress in the community. The islands rely on diesel for power generation which is becoming increasingly expensive and putting significant stress on the community. We are seriously concerned about the effects of adding an agricultural emissions levy to their costs.</p> <p>The only currently available means for Chatham Islands farmers to reduce their emissions is by decreasing their stock numbers as they do not use nitrogen fertiliser and it is not viable to change to an alternative land use such as cropping in such an isolated place. Forestry is also not a viable option because of freight costs and the likelihood of storm damage.</p> <p>There is uncertainty in the consultation document about whether the proposed levy will achieve sufficient emissions reductions to meet our target of reducing biogenic methane emissions to 10% below our 2017 level by 2030. The levy will place a significant cost and stress on Chatham Island farmers with no guarantee that the target will be met.</p> <p>Should the Chatham Islands be subject to the levy, The Council would prefer to see a lower levy with fewer incentive payments. Otherwise, it is likely that our sheep and beef farmers would effectively be subsidising mitigation measures for mainland New Zealand dairy farmers. The Council would encourage the use of a lower levy for extensively farmed sheep and cattle and a higher levy for intensive farming to reflect their greater emissions profile.</p> <p>The Council note the incentive payments for riparian margins and management of indigenous vegetation require these areas to be fenced. Fencing is particularly expensive on the Islands due to high freight and labour costs and plants are difficult to come by and expensive. This needs to be taken into account either through increased incentive payments or direct support for fencing and planting. We would also like to see benefits for areas that are already protected by covenants, and for protecting existing stands of indigenous vegetation. Fencing of existing indigenous vegetation would allow undergrowth to establish which would add to the carbon sequestration of the area.</p> <p>The Council would support including the protection of wetlands in the sequestration payment. Wetlands are effective carbon sinks, there are many on the Islands, and they will need to be protected under the National Policy Statement for Freshwater Management.</p> <p>The Council support a dedicated Māori fund. This would benefit many of the Islands' farmers who are mainly Māori/Moriori.</p>

<p>Question 2</p> <p>Are tradeable methane quotas an option the Government should consider further in the future? Why?</p>	<p>It is difficult to determine from the available information, whether sheep and beef farmers would be better or worse off under the tradeable quota system. The Council support making the system as simple and cost-effective as possible for farmers on the Islands.</p>
<p>Question 3</p> <p>Which option do you prefer for pricing agricultural emissions by 2025 and why?</p> <p>(a) A farm-level levy system including fertiliser?</p> <p>(b) A farm-level levy system and fertiliser in the New Zealand Emissions Trading Scheme (NZ ETS)</p> <p>(c) A processor-level NZ ETS.</p>	<p>The Chatham Islands Council would prefer that farmers on the Islands are not subject to the agricultural emissions levy due to their already very low emissions, financial hardship, and particularly difficult circumstances.</p> <p>Should no exemption be granted, it would be simpler for the farmers on the Islands if the levy was paid by the meat processors rather than each farmer having to fill out a return.</p> <p>Chatham Islands farmers do not use synthetic nitrogen fertiliser so they will not be impacted by whether option (a) or (b) is chosen.</p> <p>The only processors that are relevant to the Chatham Islands when considering option (c) are meat processors. We do not have any dairy farming and do not use synthetic nitrogen fertiliser.</p>
<p>Question 4</p> <p>Do you support the proposed approach for reporting of emissions? Why, and what improvements should be considered?</p>	<p>Should no exemption be granted, it would be simpler for the farmers on the Islands if the levy was paid by the meat processors rather than each farmer having to fill out a return.</p> <p>There can be difficulties in identifying the business owner for some farms on the Islands, especially for collectively-owned Māori land.</p> <p>If an on-farm levy is introduced rather than a processor levy, the Council supports combining reporting requirements with those that will be required under the freshwater farm plan regulations to decrease administration time and costs for farmers.</p> <p>We are very concerned about proposals to use national industry averages for meat production data, as they will not take into account the particular conditions on the Islands, where farms have very low stocking rates and emissions are already very low. Using average meat production data will seriously disadvantage Chatham island farmers.</p> <p>There are no local meat processing facilities on the Islands. Stock are sent to mainland New Zealand for slaughter and processing and this is very expensive. It is important that these particular circumstances are also taken into account.</p>

<p>Question 5</p> <p>Do you support the proposed approach to setting levy prices? Why, and what improvements should be considered?</p>	<p>The Chatham Islands Council support an exemption for farmers on the Islands due to the exceptional circumstances outlined elsewhere in this submission. Should that not be granted, the Council would support a pricing structure where more intensive farming, such as mainland dairy farming, is subject to a higher levy than low intensity sheep and beef farming as seen on the Islands. This would better reflect the much higher emissions from intensive farming.</p>
<p>Question 6</p> <p>Do you support the proposed approach to revenue recycling? Why, and what improvements should be considered?</p>	<p>Should the Islands not be granted an exemption from the levy, the Council would prefer to see a lower levy with less revenue recycling to avoid a situation where sheep and beef farmers on the Islands are paying high levies that effectively subsidise mitigation measures for mainland New Zealand dairy farms. The Council support the broad concept of revenue raised being used to support farmers and growers to reduce their emissions, but we would prefer the incentive payments to go to farms in the region where the levies were raised. We also support a separate fund for Māori/Moriori farmers.</p> <p>There are particular issues on the Islands that will need to be taken into account when sequestration payments are being considered. These include the expense of fencing riparian margins and indigenous vegetation, changing to crop-farming not being viable for farmers on the Islands, and the fact that there is a low baseline for emissions as there is no dairy farming, no synthetic nitrogen fertiliser use, and very low stocking rates.</p> <p>Chatham Islands farmers already face much higher expenses than are the case on mainland New Zealand and this needs to be taken into account when incentives are provided. Incentives could be set at a higher rate for farmers on the Islands, or direct Government support could be provided to meet the additional costs.</p>

Question 7

Do you support the proposed approach for incentive payments to encourage additional emissions reductions? Why, and what improvements should be considered?

Sheep and beef farming is the predominant land-use on the Chatham Islands. The consultation document notes that even a low biogenic methane price would drive some sheep and beef land conversion into forestry and scrub. Forestry is not a viable option for farmers on the Islands. There would be significant difficulties in harvesting forests on the Islands and freight costs for transporting logs to the mainland would be prohibitive. Weather conditions are not suitable for permanent exotic carbon forests which would be vulnerable to storm damage. There would be consequential difficulties in insuring such forests. Forestry could also dramatically change the unique landscape of the Islands. Sheep and beef farming is the only viable option for Chatham islands farmers.

Reductions in stock numbers to reduce emissions could dramatically change farming on the Islands, effectively retiring land from productive farming, and reducing employment opportunities which are already limited for the local community.

The consultation document also notes that incentive payments are more likely to go to farms where mitigation technologies are the most effective – presumably intensive farming systems relying on synthetic nitrogen fertiliser and feed from sources other than pasture. We would not like to see the Chatham Islands farmers miss out on incentive payments because they do not fall into this category. That approach would lead to inequitable outcomes for farmers that already have lower returns due to their isolation.

The listed mitigations that would be incentivised (low-emissions animal genetics, effluent pond treatments, low-protein or low-methane forage crops, feed additives, and nitrogen inhibitors) are not relevant to the Islands' farming systems, It would be better for farmers on the Islands to have a low levy with lower incentives, than a high levy that will pay for incentives for farmers in other parts of New Zealand.

We do not agree with using a sectorial average as a baseline for emissions. Chatham Islands farmers have significantly lower emissions than the average for sheep and beef farming due to their low intensity farming systems and would be severely disadvantaged by the use of the average as a baseline.

<p>Question 8</p> <p>Do you support the proposed approach for recognising carbon sequestration from riparian plantings and management of indigenous vegetation, both in the short and long term? Why, and what improvements should be considered?</p>	<p>The Chatham Islands Council would support a lower levy rather than a higher levy with higher incentive payments. If sequestration payments go ahead, the Council would like to see a higher payment for farmers on the Islands to recognise their far greater costs in fencing, purchasing plants, and paying for labour. Alternatively, direct Government support for fencing riparian margins and indigenous vegetation could be provided.</p> <p>If the sequestration payments go ahead, we would also like to see farmers who do not meet the stock unit threshold rewarded for protecting their riparian margins and indigenous vegetation. It will all contribute to sequestration and help to meet our emissions targets.</p> <p>The Council would support extending the sequestration payment to land that is in existing programs and covenants. Much of the significant indigenous vegetation on the Islands is on land that has been covenanted and its role in sequestration should be recognised. We would also support the sequestration payment covering fencing of existing indigenous vegetation. Such protection would allow an understorey to develop, increasing the sequestration available.</p> <p>The Council would also support recognising the role of wetlands in carbon sequestration. The islands contain very large areas of pristine peat wetland that sequesters carbon very effectively. These areas are a huge natural resource and deserve to be recognised.</p>
<p>Question 9</p> <p>Do you support the introduction of an interim processor-level levy in 2025 if the farm-level system is not ready? If not, what alternative would you propose to ensure agricultural emissions pricing starts in 2025?</p>	<p>Should an exemption not be granted, the Chatham Islands Council support the processor-level levy as an alternative to the farm-level system as this would be considerably simpler for the farmers on the Islands. We would support this being the permanent levy system.</p>

<p>Question 10</p> <p>Do you think the proposed system for pricing agricultural emissions is equitable, both within the agriculture sector and across other sectors, and across New Zealand generally? Why, and what changes to the system would be required to make it equitable?</p>	<p>The Chatham Islands Council do not agree that the proposed system is equitable. Should no exemption be granted, the Chatham Islands Council would prefer to see a lower levy with lower incentives for mitigation measures. We would not like to see our farmers, who already produce far lower than average emissions, subjected to a high levy that would be used to incentivise mainland farmers to reduce their emissions.</p> <p>The Council support the proposal to offer a higher level of support for sheep and beef farmers to transition to a low-emissions model, especially where sequestration or cost-effective mitigations are limited, as they are on the Islands.</p> <p>We note that modelling shows that the levy will lead to an 18-24% loss in revenue for sheep and beef farmers. This level of loss would severely impact Chatham islands farmers who already have much lower margins than mainland farmers as a result of high costs on the Islands and the need to ship animals to the mainland for processing.</p> <p>The Council would support the proposal for the Government to carry out further work to identify rural and Māori communities most affected by the proposed pricing system. We believe that the Chatham Island community will be one of the most adversely affected in the country, and that we will need significant support if the proposed system goes ahead. The impacts on rural communities identified in the consultation document (less money, reduction in jobs, de-population, and increased stress and mental health issues) are likely to be extreme for the Chatham Islands community.</p> <p>We note that current mitigation options are more suited to dairy farming, and we would not like to see our sheep and beef farmers effectively subsidising the mainland New Zealand dairy industry.</p>
<p>Question 11</p> <p>In principle, do you think the agricultural sector should pay for any shortfall in its emissions reductions? If so, do you think using levy revenue would be an appropriate mechanism for this?</p>	
<p>Question 12</p> <p>What impacts or implications do you foresee as a result of each of the Government's proposals in the short and the long term?</p>	<p>The Chatham Islands council considers that its community would be subjected to increased financial hardship and consequential stress and mental health issues as already low margins are significantly decreased. We are already seeing similar effects caused by increasing diesel prices as our community relies on diesel for electricity generation.</p> <p>The islands have protected much of their native vegetation and are home to extensive peat wetlands that effectively sequester carbon.</p>

	<p>Our agricultural emissions are already very low because of very low stocking rates and the lack of nitrogen fertiliser use.</p> <p>Farmers will be forced to further reduce stock numbers, which will severely affect the local economy and the well-being of the community.</p>
<p>Question 13</p> <p>What steps should the Crown be taking to protect relevant iwi and Māori interests, in line with Te Tiriti o Waitangi? How should the Crown support Māori landowners, farmers and growers in a pricing system?</p>	<p>The Chatham Islands population is predominantly Māori/Moriori and these farmers will need support under the pricing system.</p> <p>There is a need for the Crown to directly engage with iwi, imi and Māori/Moriori on the Islands to determine what support will be needed.</p>
<p>Question 14</p> <p>Do you support the proposed approach for verification, compliance and enforcement? Why, and what improvements should be considered?</p>	<p>We agree that a holistic approach is needed including how the requirements of the pricing system will work in with requirements of other Government direction such including those for freshwater and indigenous biodiversity.</p> <p>The Chatham Islands Council have very limited resources and we would not like to see these stretched further as a result of requirements under this scheme.</p> <p>We would not like to see stressed and financially strained farmers subjected to enforcement measures that would cause additional stress and hardship.</p>
<p>Question 15</p> <p>Do you have any other priority issues that you would like to share on the Government's proposals for addressing agricultural emissions?</p>	<p>Priority issues:</p> <p>The Chatham Islands Council seeks an exemption from the proposed levy for farmers on the Islands.</p> <p>Financial hardship for Chatham Islands farmers who are already subject to significant stress due to their isolation and high prices. The particular circumstances facing farmers on the Islands need to be taken into account.</p> <p>Chatham Island sheep and beef farmers would not like to see levies they pay used to subsidise mitigation measures for mainland sheep and beef farmers.</p>