

1 April 2022

The Hon Damien O'Connor
Minister of Agriculture
Parliament Buildings
Wellington

Tēnā koe Minister

When He Pou a Rangi Climate Change Commission delivered *Ināia Tonu Nei* last year, we presented ambitious, achievable and equitable paths for Aotearoa to meet its climate targets and contribute to global efforts to address climate change.

It is now over to Government to determine and resource the specific policies that will form the Government's first Emissions Reduction Plan, and to set the first three emissions budgets to 2035.

As the Government moves to finalise the policies that will make up the plan, I am writing to all relevant Ministers to highlight recommendations from *Ināia Tonu Nei* and offer to meet with them.

Reducing emissions from agriculture is a key recommendation, and I would welcome the opportunity to share with you the thinking that sits behind the Commission's advice.

It is well established that we must decarbonise gross emissions, and that we cannot plant our way out of our commitments. We are not on track to meet our 2030 target and the 2050 target will not be met without action.

Our analysis shows that even without new technologies, Aotearoa can reduce agriculture emissions in line with our climate targets.

Upcoming decisions on agricultural emissions pricing

As you are aware, the Commission is working on two pieces of advice to feed into the Government's decisions on how emissions from agriculture will be priced. We are assessing farmers' readiness for farm-level emissions pricing that is practical, effective and equitable, along with what if any financial assistance might be provided to participants in any pricing arrangements.

It will be a critical year for the Government in this space, with focus on the decisions being made at the end of 2022.

The Government's decisions in December should provide clarity on what emissions pricing farmers will face in order to support emissions reductions in line with budgets and targets. We know that farmers need a clear and consistent way forward, and more certainty on what the future will look like for the sector.

We have been speaking to a wide range of farmers in developing our advice and have heard a diversity of perspectives, reflecting the spectrum of circumstances on farms around the country.

Some farmers see a range of actions they could take to adapt and respond to emissions pricing, while others were struggling to see a viable future for their farming operations under any pricing system.

Many farmers are already taking significant action to reduce emissions and environmental impacts on their farms – but many have told us they are waiting for more certainty on policy direction before acting. Any messages from Government must make it clear that now is the time to start reducing emissions.

Central to all our advice is the need to partner with iwi / Māori, and this is particularly relevant to agriculture, where iwi / Māori play a significant part in ownership, management and the supply of labour.

Policies will also need to target the broader business community that supports farmers. This includes rural professionals who will be needed to provide sound advice, supply chains that can help farmers implement solutions, and processors and marketers to showcase our credentials to the global market.

Other policies and tools needed beyond pricing

We were clear in *Ināia Tonu Nei* that emissions pricing is important, but it is only one part of the response in reducing agricultural emissions. It's good to see the Government has taken some steps to reduce agricultural emissions – both through supporting the development and take up of new technologies and different ways of farming – but there's still a way to go.

Clear and consistent policy direction is needed to incentivise and reward farmers and the wider sector to act now, and not wait for decisions on agricultural emissions pricing. It is now nearly fifteen years since pricing agricultural emissions was first proposed. There has been significant time and opportunity for sectoral interests to engage constructively and comprehensively in meeting this challenge. Action will require early guidance and Government support; we expect to see evidence of this when the ERP is released in May.

Aotearoa has long led the world in food and fibre innovation and has an opportunity to maintain that leadership by getting ahead in the transition to low emissions. Investment in the right infrastructure to support the transition is key.

Developing a long-term plan for funding research and development, uptake and deployment of emissions reduction technologies and practices will ensure that there is a pathway that is resilient to short term challenges. Having strategic planning and investment infrastructure already in place allows the sector to rapidly respond where needed.

We also recommended advisory services for farmers, improving rural connectivity to give greater access to resources, and removing barriers to the deployment of emerging technologies that reduce emissions.

Our analysis showed what we can achieve with the tools we have today. As technologies continue to develop, they will provide more flexibility in achieving our emissions reduction targets and potentially enable Aotearoa to increase ambition.

All of this would support the sector to transition to low emissions while retaining our reputation, competitive position and expertise in agriculture.



Ahead of the release of the Emissions Reduction Plan in May, I would welcome the opportunity to meet with you to share the thinking that sits behind the advice in *Ināia Tonu Nei*.

Ngā mihi nui



Dr Rod Carr
Chair of He Pou a Rangi Climate Change Commission

cc: The Hon James Shaw - Minister of Climate Change