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Tēnā koe Sam,

### **Consultation: Aotearoa New Zealand's 2035 international climate change target**

DairyNZ appreciates the opportunity to provide feedback to the Ministry for the Environment on New Zealand's second Nationally Determined Contribution (NDC2) under the Paris Agreement. Please accept this document as our submission; we were unable to lodge it via the portal due to the restrictions on word count.

#### **Executive summary**

DairyNZ considers that:

- The Government should take the time to get NDC2 right, including a thorough evaluation of all options, costs, trade-offs, and actions of key trading partners, even if that means missing the UN deadline of 10 February 2025.
- Transparency of that decision-making is vital for public trust.
- NDC2 must align with domestic emissions budgets to be achievable, requiring an understanding of progress towards New Zealand's first NDC and the agriculture sector's mitigation potential, which is reliant on practical, cost-effective technologies.
- NDC2 should use a split gas structure to reflect methane's prominence in New Zealand's emissions profile. This is consistent with the Paris Agreement.

#### **Introduction**

The New Zealand dairy sector generates \$25 billion in export earnings, comprises one third of all goods revenue and employs almost 55,000 people.

DairyNZ is the industry-good organisation representing all 11,000 of New Zealand's dairy farmers. We seek to progress a positive future for New Zealand dairy farming through enhanced sustainability, profitability, and competitiveness.

We are committed to dairy farming playing its part in transitioning to a low emissions economy alongside the rest of Aotearoa New Zealand. Our work covers research, economic and farm system analysis, and extension to support the sector to improve its efficiency and profitability, build resilience to a changing climate, and reduce its emissions.



## Responses to consultation questions

### 1. Do you have any comments on the Climate Change Commission's advice? (limit of 800 characters)

The Commission's October advice is based on out-of-date scenarios that over-estimate the level of methane-reducing technologies that might be available to NZ farmers in the future. These scenarios are also based on unrealistic projections relating to dairy herd size, land area, production and revenue. [DairyNZ raised these concerns with the Commission in May](#) and subsequently with the [Ministry for the Environment during its consultation on the second Emissions Reduction Plan](#) in August 2024, which was also overly optimistic about technology availability.

At the time of writing, the Commission's updated modelling had only just been made publicly available, and it has not been possible to assess whether the projections relating to dairy sector mitigation are more realistic and how these could then inform NDC2. The Government should wait until the Commission's work has been more thoroughly reviewed by farm system experts.

### 2. What factors should the Government prioritise when setting NDC2?

- a) Represent New Zealand's highest possible ambition in light of national circumstances
- b) Align with the Global Stocktake recommendations
- c) Align with the temperature goal of the Paris Agreement (to limit global warming to well below 2°C and pursue efforts to limit global average temperature rise to 1.5°C)
- d) Minimise costs from meeting the target
- e) Minimise impacts to the economy
- f) Ensure there is a clear plan for delivering the target
- g) Consider New Zealand's relative standing to other comparable countries/economies

#### Additional comment (limit of 300 characters):

It is a false choice to focus on just 3 factors; all are relevant to some degree, alongside others. E.g., half NZ's emissions come from agriculture, a share set to grow as transport and energy de-carbonise. The focus should be on achievability of the target, reflective of NZ's national circumstances.

### 3. What factors in New Zealand's economic outlook should be taken into consideration when setting NDC2? (limit of 800 characters)

The NZ economy continues to experience headwinds. The Government has said it "[needs farmers to power us out of this recession](#)" and aims to double export revenue in the next decade. Agriculture already contributes more than half NZ's emissions, underscoring the need for policymakers to balance climate ambition with economic reality.

For the dairy sector to sustain its economic contribution, it will be reliant on new mitigation technologies that are not yet fully tested or available. A cautious approach must be taken until these tools are closer to market and food safety concerns have been addressed. Supportive policies and incentives will be crucial to ensure successful adoption and integration into farming systems.

It is also important to take the time to understand other industrialised economies and key trading partners' NDC2s, and how these collectively contribute to global climate goals.



4. *What factors do you think are most important for deciding a “fair share” for New Zealand for its NDC2? (limit of 800 characters)*

NZ’s emissions profile differs significantly from CO<sub>2</sub>-dominant economies. A fair approach should reflect this distinction, such as adopting a split-gas NDC2 that accounts for methane’s different characteristics. This approach would avoid unfair comparisons of headline numbers with those CO<sub>2</sub>-dominant economies. We see this as entirely consistent with the Paris Agreement, which calls for economy-wide, absolute emission reductions.

As a small emitter globally, NZ’s fair share should align with our capacity to reduce emissions relative to larger, industrialised economies. This includes recognising the challenges of mitigating emissions from pastoral farming compared to sectors like energy and transport.

5. *Should NDC2 be set at a level that is achievable with domestic action only or should it be set at a level that is achievable with a mix of domestic action and international cooperation (offshore mitigation)?*

- a) *NDC2 should be met with domestic action only*
- b) *NDC2 should be met with both domestic action and international cooperation*
- c) *Unsure/Don’t mind*
- d) *Other (please explain)*

Option A: NDC2 should be met with domestic action in the first instance, as required by the Paris Agreement (Article 4). It is essential to align NZ’s international commitments with domestic emissions budgets to avoid excess cost on the economy.

We urge the Government to take the time required (greater than 10 February 2025 allows) to ensure that all NDC2 options are fully costed, and the trade-offs identified and clearly understood. The Government should also prioritise a decision on the 2050 domestic target before finalising NDC2 – see our [media release](#). This clarity is crucial for establishing a realistic pathway for domestic action, in turn to guide NDC2.

Greater domestic ambition could be signalled in NDC2, provided certain conditions were met e.g. meaningful action by key trade competitors and availability of cost-effective, practical technologies to reduce agricultural emissions and support/incentivisation of farmer action.

### **Concerns with the consultation process**

In addition to the above, DairyNZ wishes to raise two key concerns with this consultation process:

1. **The short consultation timeframe:** thirteen days is an inadequate timeframe for consultation on an issue of such significant public interest and economic importance. With the Paris Agreement requiring countries to increase their ambition, it is critical that the Government carefully develop a robust and achievable NDC2. Other jurisdictions have already indicated they are unlikely to meet the 10 February 2025 deadline. New Zealand should take the necessary time to conduct thorough due diligence, ensuring we set realistic commitments that avoid the need to send billions of taxpayer dollars offshore.
2. **The limited format of the online portal:** a five-question template with preset priorities and severe word limits restricts submitters from sharing important context, which in turn limits



valuable input for Ministers. For example, it was not possible to provide detail on the dairy sector's mitigation potential – a key consideration in deciding an international climate target for 2031-2035. There are other factors that also need to be considered, including what comparable countries and key trade competitors are doing. The form of the target should also be considered, as should the use of conditionality for 2031-2035, leaving room for increasing progression/ambition for subsequent targets.

As noted above, we strongly encourage the Government to take the necessary time to thoroughly assess the options for New Zealand's second international commitment. A decision of this significance requires careful consideration and should not be rushed by a deadline that several major economies have already indicated they will miss.

**SUBMISSION ENDS**

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