

Media release

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Ballance joins calls for delay to Emissions Trading Scheme (ETS)

Fertiliser specialist Ballance Agri-Nutrients is asking for more clarity regarding the impact of the Emissions Trading Scheme, telling the Special Select Committee (4 May) that the details are too vague in their present form.

The farmer-owned co-operative will be drawn into the ETS from January next year when its urea manufacturing plant in Taranaki falls under the Stationary Energy and Industrial Processes (SEIP) Sector – but it says the date is unachievable.

‘We are not seeking to stymie the legislation, or stall its implementation, but we recommended to the committee that implementation of the SEIP sector be delayed by at least one year because of identified regulation development gaps,’ says Larry Bilodeau, Ballance’s Chief Executive Officer.

‘The detail has not been worked through adequately to the point where the 2010 date can be achieved. Imported urea is not captured at all by the legislation – only locally produced product.’

Ballance makes just under half of the nation’s nitrogen-rich urea. The rest consists of Chinese, Middle and Far East urea imports; countries where no carbon emission related charges apply as yet, says Mr Bilodeau.

‘We will have to absorb cost increases resulting from ETS-related natural gas purchased for urea manufacture and electricity purchased for all aspects of the Kapuni site in Taranaki. Under current legislation, and in the long term, it could be cheaper just to import urea and quit Kapuni, letting the imported product go on our farms without any ETS consideration.’

The other issue for Ballance is the ‘point of obligation’ for emissions from nitrogen-based fertiliser use from 2013. Ballance would like to see farmers rewarded for adopting mitigation technologies that reduce emissions associated with the use of nitrogen-based fertilisers.

‘This would be achieved through the adoption of an on-farm point of obligation to drive behavioural change. If Ballance is the point of obligation for nitrogen fertiliser emissions on farm there is no incentive for the end users to maximise efficiencies (or minimise losses). All farmers will be charged equally; with less efficient farming facing exactly the same costs as the best.

‘We feel the point of obligation should rest on those who are able to mitigate their impact through uptake of innovative technologies offered by Ballance and new and improved farm practices.’

Mr Bilodeau says that is how farmers operate, in any event, as the vast majority are keen stewards of their land, and have a passion to preserve it for future generations.

'Our work as sponsor of the Ballance Farm Environment Awards has introduced us a host of clever, dedicated farmers who are committed to reducing the carbon footprint of their farms. For our part, we have about 135 trained Technical Sales Representatives across New Zealand helping farmers with Nutrient Management Plans and nutrient budgets.

'Ballance is committed to doing all it can for its shareholder farmers to measure their carbon footprint linked to fertiliser use on farm. It would be an injustice to have to pass on ETS-related costs to all our customers, regardless of their mitigation efforts.

'We have shareholder farmers who are scared this legislation will make it impossible for them to farm at all.'

Mr Bilodeau stressed to the committee that Ballance was not opposed to the ETS concept – provided it did not unfairly disadvantage New Zealand's agricultural competitiveness by being introduced before it was matched by our trading partners.

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