

## **Submission to Parliament on the Dairy Industry Restructuring Amendment Bill (No 3).**

1. Lawyers for Climate Action NZ Inc is a society comprising approximately 180 lawyers. Our goals are to:
  - 1.1. raise public awareness and understanding of the threat of climate change;
  - 1.2. advocate for legislation and policies to ensure New Zealand meets or exceeds its commitment under the Paris Agreement and achieves net zero carbon emissions as soon as possible; and
  - 1.3. facilitate free or reduced cost legal assistance to community groups working to fight climate change.
2. The Dairy Industry Restructuring Act 2001 effectively requires Fonterra to accept all applications from dairy farmers to become shareholders and then to accept their milk supply. There are only two very limited exceptions to the rule. Firstly, if the farm does not meet the minimum supply requirement of 10,000 kilograms of milk solids per season (section 94). Secondly, if the cost of transporting the milk exceeds the highest cost of transporting another shareholding farmer's milk (section 95). There is no ability, in the Act, for Fonterra to deter further dairy conversions or to reject milk supply on the basis of environmental concerns or greenhouse gas emissions.
3. Clause 22 of the Bill provides two new exceptions and allow Fonterra to reject new applications and to resist increased supply from existing shareholders:
  - 3.1. The new third exception allows Fonterra to reject an application from a new dairy conversion (as defined in the Bill). This is supported by LCANZI.
  - 3.2. The new fourth exception allows Fonterra to reject a new application or increased supply if the applicant is not likely to comply with the terms of supply. Clause 23 then amends section 106: *No discrimination between suppliers* to make it clear that the terms of supply can include matters that relate to the environment, climate change and sustainability. As the General Policy Statement in the Explanatory Note records, these changes are intended to enable Fonterra to more effectively manage poor on-farm environmental performance and to better manage discharges and greenhouse gas emissions. LCANZI supports the intent of these changes.