

# Draft Cabinet Paper: Approval to consult on the annual update to New Zealand Emissions Trading Scheme limit and price control settings for units

## Out of Scope

- [Redacted]
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8. Additionally, a decision on initiating the process to defer animal-farmers becoming ETS participants is needed to reduce the risk of triggering reporting obligations from 1 January 2024. This needs to be consulted on, and we recommend including material on animal-farmer reporting obligations in the ETS settings consultation process.

## Out of Scope

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Out of Scope [Redacted]

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j. **Agree to include material on animal-farmer reporting obligations in the ETS settings consultation process** Yes/No

Out of Scope [Redacted]

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Out of Scope

*NZ ETS reporting obligations for farmers*

41. You have agreed (CAB-224 refers) to progress an Order in Council (OiC) to defer ETS animal-farmer reporting obligations from 1 January 2024. This reflects that legislation creating the farm-level agricultural emissions levy and removing the ETS Backstop from legislation will not have been passed by that point.
42. The process for deferring this date by OiC is set out in section 2B of the Climate Change Response Act 2002 and includes the consideration of specific matters and the requirement to consult on the order. **Section 9(2)(h)**
43. We estimate that approximately six months would be required to step through public consultation and subsequent Cabinet processes, before an OiC could be made. The impact of upcoming elections must also be considered and is a risk. We therefore recommend starting this process as soon as possible, to minimise the risk of animal-farmer reporting obligations not being deferred by 1 January 2024.
44. To streamline the public consultation process and avoid an additional consultation on only this issue, we recommend including a short section and question in the upcoming consultation of ETS settings. This consultation is due to start on 17 May 2023.
45. We have heard from you that you are concerned about the sequencing of communication to farmers. We expect that Cabinet decisions on agriculture emissions pricing will be made and communicated by 17 May, therefore it should not come as a surprise to farmers that ETS obligations are being deferred.
46. If you agree to include animal-farming reporting obligations as a topic for public consultation in the upcoming ETS settings consultation, we will add content into the Cabinet paper and discussion document to reflect this.
47. Given the timeframes for this consultation, if you agree to include this material note that there will only be one opportunity for you to review the content for the Cabinet paper and discussion document before ministerial consultation starts on 13 April.