

Next steps on agricultural emissions pricing

Key Messages

- Out of Scope
[Redacted]
- [Redacted]
- 3. Officials propose to provide advice within the next month on the components you requested. Advice will cover key choices Ministers need to make to progress the policy package through to Cabinet, including on:
 - Out of Scope
[Redacted]
 - NZ ETS obligations for animals-farmer activities outlined in the Climate Change Response Act 2002 (CCRA) - decisions include whether to defer both reporting and surrender obligations for animals-farmers, by how long to defer and timeframes for this work programme.
 - Out of Scope
[Redacted]
 - [Redacted]
- [Redacted]

Recommendations

We recommend that you:

- a. **Agree** officials will provide you with further advice on:

- Out of Scope**

- ii. options for deferring obligations for animals-farmer activities in the NZ ETS;

- Out of Scope**

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Out of Scope

Current CCRA NZ ETS reporting requirements

22. The CCRA currently sets out that reporting obligations for animals-farmer activities under the NZ ETS will begin on 1 January 2024 and surrender obligations will begin for both fertiliser and animals-farmer activities on the 1 January 2025. The CCRA provides for the ability to defer this animals-farmer reporting requirement through an Order in Council to a future date.
23. This requirement needs to be deferred to a later date until a more substantive repeal of the legislation can be done alongside the introduction of new reporting and/or pricing requirements.
24. Note there are also surrender obligations for animals-farmers and fertiliser-processors to begin in 2025. These were intended to be repealed under amendments to primary legislation when the new pricing system was introduced.
25. The fertiliser-processor surrender obligations cannot be deferred by an Order in Council as they are already reporting (this will need to be primary legislation change when a plan for when these emissions will be priced is determined). However, the animals-farmer 2025 surrender obligations could be deferred alongside the animals-farmer reporting requirements as these requirements have not yet commenced, in which case animals-processor surrender obligations will apply from 2025.
26. A decision by the Minister of Climate Change is required on initiating the process for deferral. Currently, the Environmental Protection Authority (EPA) has no ability to efficiently receive these emissions reports, nor are farmers likely to be aware of or prepared to comply with the reporting requirement.

Next steps

49. We propose the following next steps to support development of the proposed policy package:

Week of 24 April 2023:

Out of Scope

- ii. Ministers receive advice on deferring obligations for animals-farmer activities under the NZ ETS.

Out of Scope

- [Redacted]
 - [Redacted]
 - [Redacted]
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- [Redacted]
- [Redacted]