



Ministry for Primary Industries  
Manatū Ahu Matua



**To:** Hon Todd McClay, Minister of Agriculture  
Hon Simon Watts, Minister of Climate Change  
**From:** Julie Collins, Deputy Director-General, Policy & Trade  
Sam Buckle, Deputy Secretary, Climate Change Mitigation and Resource Efficiency

Cover briefing: Cabinet paper on amending the Climate Change Response Act 2002 to repeal agricultural obligations in the New Zealand Emissions Trading Scheme

Date	8 March 2024	Reference	B24-0176 (MPI)
			BRF-4368 (MFE)
Decision required		Date decision required by	
YES <input checked="" type="checkbox"/> / NO <input type="checkbox"/>		11 March 2024	

Purpose

- The appended draft Cabinet paper seeks agreement on final policy decisions to amend the Climate Change Response Act (CCRA) to remove agriculture as an activity from the New Zealand Emissions Trading Scheme (NZ ETS).
- Due to the timeframes for passing legislation this year, officials recommend your offices' lodge the Cabinet paper on 21 March, for Economic Policy Committee (ECO) consideration on 27 March followed by Cabinet on 2 April.

Context

Background

1. Following your bilateral meeting on 31 January, you directed Officials to work jointly towards preparing a Cabinet paper to keep agriculture out of the NZ ETS.
2. On 21 February you indicated that your preferred option for amending the CCRA to 'keep agriculture out of the ETS,' is a full repeal and complete removal of NZ ETS obligations for agriculture [B24-0127 / BRF-4249 refers].

3. The appended draft Cabinet presents this proposal, outlines the analysis behind the decision to fully repeal the CCRA requirements for agriculture, and indicates the timeline and steps for implementing these amendments. It also presents a sequence of high-level milestones relating to agricultural emission reducing actions. These will be communicated at the same time as the CCRA amendments to place the amendments within the context of the wider strategy for agricultural emissions.
4. **9(2)(f)(iv)**
5. Note, the draft Cabinet paper does not include a final Regulatory Impact Statement (RIS). A RIS will be provided once the regulatory impact analysis panel finalise their assessment of the agencies' analysis. The RIS will be included prior to lodging the Cabinet paper.

*Key dates for this Cabinet paper*

6. There are short timeframes for passing a CCRA Amendment Bill by December 2024. To support meeting this deadline, we propose the following steps to ensure ECO Committee consideration on 27 March, and Cabinet consideration on 2 April.

Date	Milestone	Action
8 March	Ministers receive Cabinet paper	Provide feedback on changes to officials by Monday 11 March
11 to 19 March	Ministerial consultation	Your offices' to send out the draft Cabinet paper for Ministerial consultation
18 March	Officials provide Ministers with the Regulatory Impact Statement	
19 March	Officials receive Ministers advice	Offices provide feedback from Ministerial consultation to officials.
19 to 21 March	Officials revise paper based on Ministers advice and send back to Ministers Office.	
21 March	Lodge papers	Ministers' offices to lodge papers
27 March	Economic Policy Committee	
2 April	Cabinet consideration	

*Summary of agency feedback*

7. Te Arawhiti suggested the following wording be added to the Treaty analysis section:  
*"To ensure the pricing system is fair it will need to account for unique aspects of Māori agribusiness, such as Māori land tenure and the particular land use profile for Māori farmers."*

8. The Treasury was interested to know whether any direct or indirect financial implications were identified. The Treasury is also of the view that retention of a legislative backstop of some form would be the optimal approach and is interested in seeing more information on the options considered.
9. Department of the Cabinet and Prime Minister (DPMC) wanted it to be clear in the body of the text that no change is proposed in regard to on-farm carbon dioxide emissions from, for example, tractors.
10. Environmental Protection Agency (EPA) have raised with us concerns about the potential financial implications these amendments would have for them. For example, because they might need to update some of their systems and internal processes. EPA have also suggested Cabinet approval be sought for the amendment legislation to provide for a streamlined de-registration process which could be initiated by the EPA (as opposed to having to wait for each participant to initiate de-registration).
11. Te Puna Kōkiri (TPK) wanted to ensure that the government allowed sufficient time for consultation with Māori landowners and collectives that are invested in agriculture, when designing the proposed pricing system. They also wanted the paper to acknowledge that iwi, hapu and Māori face a unique challenge transitioning to lower emissions agriculture, and that the compounding interests of adaptation and mitigation must be considered. Further, tangata whenua have significant investments in agriculture, and any policy or legislative changes will impact the future of Māori agriculture. TPK emphasises that it is important to consider the impacts to this population group.

Contextual note: The agency name in Paragraph 10 is incorrect; the correct name is the Environmental Protection Authority.

**Recommendations**

12. It is recommended that you:

- a) **Agree** to provide feedback on changes to the draft Cabinet paper (**Appendix One**) to Officials by Monday 11 March.

YES / NO

- b) **Agree** to aim for Cabinet consideration of the paper on 2 April. Note the following steps to lodging the Cabinet paper for Economic Policy Committee and Cabinet consideration:

- i. 11 to 19 March: Ministerial consultation;
- ii. 21 March: Cabinet paper lodgement;
- iii. 27 March: Economic Policy Committee; and
- iv. 2 April: Cabinet consideration.

YES / NO

Julie Collins  
Deputy Director-General  
Policy & Trade

Hon Todd McClay  
Minister of Agriculture

/ / 2024

Mark Vink  
General Manager  
Markets, Climate Change Mitigation and  
Resource Efficiency

Hon Simon Watts  
Minister of Climate Change

/ / 2024

**Appendix One: Draft Cabinet paper - Final policy decisions on amending the Climate Change Response Act 2002 to repeal agricultural obligations in the New Zealand Emissions Trading Scheme**

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Final Cabinet paper provided separately as Document 7

## Appendix One: Regulatory Impact Statement

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Note: A draft Regulatory Impact Statement was not provided as part of this briefing, only a placeholder page for one.

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