

Legislative Statement for the First Reading of the Climate Change Response (Emissions Trading Scheme Obligations) Amendment Bill 2024

Presented in accordance with Standing Order 272

[DD/MM/2024]

1. This legislative statement supports the first reading of the Climate Change Response (Emissions Trading Scheme Obligations) Amendment Bill 2024 (The Bill).

Objective

2. The objectives of the Bill are:
 - To keep agriculture out of the NZ ETS by repealing all New Zealand Emissions Trading Scheme (NZ ETS) obligations for agricultural activities from the Climate Change Response Act 2002 (CCRA).
3. The legislative amendments will:
 - ensure that agricultural emissions are not subject to surrender obligations under the NZ ETS and;
 - prevent up to 100,000 farmers entering the NZ ETS to avoid the significant administrative, compliance and data management challenges that would otherwise occur.

Background

4. The CCRA currently requires:
 - agricultural processors to report their biological emissions associated with the livestock and fertiliser they process;
 - agricultural processors to pay for their agricultural emissions from 1 January 2025 (processors currently report their emissions) via the NZ ETS; and
 - animal farmers to report their emissions from 1 January 2026, and pay for them from 1 January 2027 via the NZ ETS.
5. This requirement for processors and animal farmers to report and pay for their emissions in the NZ ETS, known as the ETS backstop, was put in place in 2020 to support progress towards developing an alternative pricing system for agricultural emissions by 2025. The intention was that the ETS backstop provisions would be repealed when an alternative pricing system was introduced.

Key Provisions of the Climate Change Response (Emissions Trading Scheme Obligations) Amendment Bill

6. Removing agriculture from the NZ ETS will require amendments to multiple sections of the CCRA. The key amended provisions are outlined below. All amendments will become effective immediately following Royal assent of the Bill.

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