



25 January 2024

OIAD-836

9(2)a

Tēnā koe 9(2)a

Thank you for your emails of 24 October 2023, 8 November 2023 and 23 November 2023 to the Ministry for the Environment (the Ministry) relating to the following request under the Official Information Act 1982 (the Act):

1. *Any advice provided during 2022 or 2023 on the emissions implications (including the implications for meeting emissions budgets) of Delaying pricing agricultural emissions beyond 2025 and/or*
2. *Any discussions or advice provided during 2022 or 2023 on the emissions implications (including the implications for meeting emissions budgets) of Reducing New Zealand's methane reduction targets in the CCRA*

As outlined in our letter of 5 December 2023, due to the quantity of information needing to be searched through and the consultations required, we extended part 1 of your request by 20 working days pursuant to sections 15A(1)(a) and 15A(1)(b) of the Act.

In our extension letter, we also notified you that no information in scope of part 2 of your request exists and refused this part of your request under section 18(e) of the Act.

The Ministry has identified six documents containing information in scope of part 1 of your request, as listed in the attached document schedule.

Because the information in scope of your request is contained in documents which include other information about the broader work programme that is outside of the scope of the request, we are releasing the relevant information as excerpts per section 16(1)(e) of the Act. These excerpts are attached below as **Appendix 1**. Please note that two Cabinet papers listed do not have dates because they were not presented to cabinet, but copies were provided to the Minister.

One of these excerpts has been withheld in full in accordance with section 9(2)(f)(iv) of the Act, to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials.

I am refusing one of the documents containing information in scope of your request under section 18(d) of the Act, as the information will soon be publicly available on the Ministry for Primary Industries' (MPI's) website through their proactive release programme. For ease of reference, I have listed the paragraphs containing information in scope of your request.

In terms of section 9(1) of the Act, I am satisfied that, in the circumstances, the withholding of information is not outweighed by other considerations that render it desirable to make the information available in the public interest.

You have the right to seek an investigation and review by the Office of the Ombudsman of my decision to withhold information relating to this request, in accordance with section 28(3) of the Act. The relevant details can be found on their website at: www.ombudsman.parliament.nz.

Please note that due to the public interest in our work the Ministry for the Environment publishes responses to requests for official information on our [OIA responses page](#) shortly after the response has been sent. If you have any queries about this, please feel free to contact our Ministerial Services team: ministerials@mfe.govt.nz.

Nāku noa, nā



Kara Lok
Manager, Market Development
Ministry for the Environment | Manatū Mō Te Taiao

Appendix 1 – excerpts of advice provided during 2022 or 2023 on the emissions implications (including the implications for meeting emissions budgets) of Delaying pricing agricultural emissions beyond 2025

Document date	Document title	Excerpted content	Decision on release	OIA sections applied
3 April 2023	BRF-3043/ AM23-0558 Delivering an agricultural emissions pricing system by 1 January 2025	Paragraph 23	Withheld in full	16(1)(e) 9(2)(f)(iv)
19 July 2023	BRF-3588/ B23-0529 Lodgement of Cabinet Paper - Pricing system for agricultural emissions	21. The Treasury have provided the following feedback on the Cabinet paper: b) further information is needed on the potential scale of deferring pricing decisions on emissions budgets and targets and the fiscal implications. More information on design changes to the pricing system (for example, levy prices, sequestration and incentive rates) is needed to better understand the implications of deferring decisions on a pricing system.	Release in full	16(1)(e)
15 September 2023	BRF-3680/ B23-0622 Authorise drafting to make an Order in Council to defer NZ ETS animals-farmers' obligations	21. A submission from Manaaki Whenua stated the following in support of the proposal: " The deferral of the farm-level obligations to 1 January 2026 will not make any significant impact on the GHG emissions from the agricultural sector. The NZ ETS backstop with processor obligations is likely to achieve the same reduction in GHG emissions as a farm-level system in the short term." 22. Those submitters who opposed the proposed deferral raised the following concerns: <ul style="list-style-type: none"> • delaying would undermine the climate science, urgency and efforts of other groups working to minimise emissions • delaying encourages an easy and slow approach on emissions reductions, impacting the confidence of the younger generation in regulatory bodies and Government's response to climate change • the NZ ETS was an incentive for farmers to come on board with their responsibilities, but this has not happened and the cost to nature is too high to delay any longer 	Release in full	16(1)(e)

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		<p>23. One submitter who opposes the proposal submitted the following: “Climate change is accelerating at a faster pace than ever. We need to act NOW and not kick the can down the road anymore. Yes, it will be costly and inconvenient, but it will be less costly and inconvenient in the long term if we make the difficult decisions now.”</p> <p>37. While modelling indicates that the NZ ETS processor level backstop would achieve significant emissions reductions, officials agree with Manaaki Whenua that the NZ ETS backstop with processor obligations is likely to achieve the same reduction in greenhouse gas emissions as a farm-level system in the short term. Therefore, the decision to defer application of farm-level NZ ETS obligations is not expected to impact the ability of the NZ ETS to assist New Zealand to meet its international obligations, and its 2050 target and emissions budgets. The Government has committed to implementing an alternative levy system by 2025. Modelling indicates that pricing through either the processor-level backstop or an alternative levy system will enable New Zealand to meet its legislated emissions reduction targets and emissions budgets.^{12,13}</p> <p>Footnote12.¹² Modelling scenario for alternative farm-level emissions pricing is based on the farm split-gas levy: pricing at farm level for biological greenhouse gas emissions where methane (CH₄) and nitrous oxide (N₂O) are priced differently, initial low prices as there is no free allocation and greenhouse reductions from technology mitigation options are rewarded via different CH₄ and N₂O incentive payments.</p> <p>Footnote 13.¹³ Ministry for the Environment. 2022. Regulatory impact statement: Agricultural emissions pricing. Wellington: Ministry for the Environment</p> <p>45. Through the consultation on the proposed deferral, we heard:</p> <ul style="list-style-type: none"> • Agricultural emissions pricing should not be delayed past the proposed date as this will likely result in high costs and pressures (both domestically and internationally) for farmers and Māori landowners to meet their emissions targets. 		
Undated	CAB-224 Final policy decisions on Government's	288. The Commission advised ²⁴ that if the pricing system is not in place by 1 January 2025, then it “makes it less likely that the agricultural sector’s contribution to the 2030	Release in full	16(1)(e)

Document date	Document title	Excerpted content	Decision on release	OIA sections applied
	proposed agricultural emissions pricing system	<p>targets for biogenic methane and the emissions budget for 2026-2030, and beyond, will be met”.</p> <p>Footnote 24. ²⁴ Climate Change Commission He Pou a Rangi. June 2022. Agricultural Progress Assessment. p. 39. Retrieved from https://www.climatecommission.govt.nz/our-work/advice-to-government/topic/agricultural-emissions/agricultural-progress-assessment/ (Accessed 15 September 2022)</p>		
25 September 2023	CAB-353 Deferral of CCRA 2002 obligations for animals-farmer activities	Paragraphs 23, 26.3, and 27.	Refused in full	18(d)
Undated	CAB-358 Final policy decisions on agricultural greenhouse gas emission reporting and levy system	242. The Commission advised that if the pricing system is not in place by 1 January 2025, then it “makes it less likely that the agricultural sector’s contribution to the 2030 targets for biogenic methane and the emissions budget for 2026-2030, and beyond, will be met”. ¹⁸ They have noted that it is critical that a levy system be advanced quickly in the second emissions budget period from a simple pricing system to a more detailed pricing system to create more long-term incentives to reduce on-farm emissions.	Release in full	16(1)(e)