



# The Government's proposal on agricultural emissions

As many will be acutely aware, the government has announced that they will be implementing a levy on emissions arising from agricultural activities, starting in 2025.

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More particularly, under the Climate Change Response Act 2002 (the Act), agricultural emissions in New Zealand are scheduled to be brought under the Emissions Trading Scheme (the ETS) by 1 January 2025. That is, unless, an alternative scheme, (the Scheme) to agricultural emissions is implemented prior to then.

In the meantime (and as a first step in this process) the Minister of Climate Change and the Minister of Agriculture are required (under the Act) to prepare an initial report that outlines a system to put a price on emissions arising from agriculture, as an alternative to the ETS.

On 11 October 2022, the Government, through the Ministry for the Environment (MfE) released an initial report for public consultation and submissions. Submissions close on 18 November 2022. Following this, the Government will prepare a final report (taking into account their findings), and then

introduce a Bill to Parliament in 2023 to implement that final report in time for the 2024-2025 calendar year.

In essence, members of the public, and in particular members of the farming community, have until 18 November 2022 to have their say on how the cost of agricultural emissions should be administered in New Zealand. Making a submission on the Report can be done at MfE's website.

The initial report proposes the following "farm-level, split gas levy to price agricultural greenhouse gas emissions" scheme:

All farmers and growers that are GST registered and meet certain livestock and/or fertiliser use criteria must be registered and pay a (yet to be determined) levy.

Separate levy prices to be set for long-lived gases and biogenic methane.

Farmers and growers would provide specific details, such as farm area, stock number and fertiliser use, to a centralised 'calculator' to determine their emissions bill.

Revenue from the Scheme would be used for mitigation incentive and vegetation se-



questration payments, and otherwise applied to administration costs etc.

Although the relevant Minister will ultimately be responsible for how revenues are spent, there will be a 'revenue recycling body' appointed.

The Government is still seeking feedback on how to treat synthetic nitrogen fertiliser in terms of the Scheme.

It is important to note that this is explicitly not an opportunity to have a say on whether or not the Government introduces an emission levy for farmers, but rather, what that system will look like.

The reality is, the Government is almost certainly going to implement legislation to facilitate the collection of levies in respect to agricultural emissions between now and 2025. Even if it doesn't, those emissions will (as per the Act) fall under the umbrella of the ETS, a system which is not purpose built for agriculture, and arguably not fit for purpose in any case.

There is a very small window of opportunity between now and 18 November 2022 for the farming community in North Canterbury to have their say, and ensure that any system that is implemented is done so with as much input as possible from all interested parties, whether one agrees with the Scheme's implementation or not.