

**Submission on “Deferral of Emissions Trading Scheme (ETS) reporting obligations for animal farmers”**

**4 September 2023**

**SUBMITTER DETAILS**

**NAME OF ORGANISATION:** Environmental Defence Society Incorporated  
**ADDRESS:** PO Box 91736, Victoria Street West, Auckland 1142  
**CONTACT:** Shay Schlaepfer  
**EMAIL:** shay@eds.org.nz  
**PHONE:** 027 946 8079

1. This is the Environmental Defence Society’s (EDS) submission on the Ministry for the Environment’s Consultation Document on Deferral of ETS reporting obligations for animal farmers.
2. EDS is a not-for-profit, non-government national environmental organisation. It was established in 1971 with the objective of bringing together the disciplines of law, science, and planning to promote better environmental outcomes in resource management.
3. The Government has stated that “[p]ricing agricultural emissions by 2025 is a fundamental part of the Government’s climate change response”.<sup>1</sup> Yet pricing has been repeatedly pushed out since 2008, when agricultural activities were first introduced into the Climate Change Response Act 2002.
4. It has also said “[t]he previous Government’s decision to defer this discussion has lost time and made the transition harder.”<sup>2</sup> But this Government has not proved any more effective. Its sector partnership He Wake Eke Noa failed to produce any tangible results and wasted valuable emissions reduction time. Reporting and surrender obligations are now once again being delayed.
5. In theory, we support the Climate Change Commission’s advice in ‘Progress towards agricultural emissions pricing’.<sup>3</sup> Specifically, that farm level pricing outside the ETS is more likely to be practical, cost effective, acceptable and effective than including all farms in the ETS. The 100,000 vs 23,000 figures cited in the Consultation Document reinforce this.
6. However, this logic relies on farm-level pricing actually being achievable and being implemented without delay. EDS is far from convinced that “[t]he Government and sector are both committed to pricing agricultural emissions to ensure their reduction from 2025”.<sup>4</sup> Action to date provides no confidence or comfort that it will happen. An alternative pricing scheme outside the ETS will

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<sup>1</sup> <https://www.beehive.govt.nz/sites/default/files/2022-10/HWEN%20Cab%20paper.pdf> at para 7

<sup>2</sup> <https://www.beehive.govt.nz/sites/default/files/2022-10/HWEN%20Cab%20paper.pdf> at para 10

<sup>3</sup> Climate Change Commission, 2022, Full report: Progress towards agricultural emissions pricing, Wellington, Climate Change Commission

<sup>4</sup> <https://www.beehive.govt.nz/sites/default/files/2022-10/HWEN%20Cab%20paper.pdf> at para 9

require legislative change, so implementation by Q4 2025 would be a significant challenge, even with buy-in from the sector.

7. The Consultation Document states that farm-level pricing will enable Aotearoa New Zealand to meet its 2030 international greenhouse gas emission targets. However, no modelling has been done on the emission impacts of delaying the ETS farm-level Backstop. Deferring emissions pricing of a sector that contributes almost half of this country's gross emissions is certainly not going to assist with the deep, rapid and urgent gross emissions reductions required to meet our emissions budgets, 2050 target and international obligations. However, delays to date and this consultation are presented as a *fait accompli* and we are left with no choice but a deferral of the obligations for farm-level obligations under the ETS.
8. Given the above, it is vital that the ETS processor-level pricing backstop remains in place (as promised in the Consultation Document), becomes active on 1 January 2025, and remains active until a more effective farm-based system is not only agreed, but is up and running. This is critical for meeting Aotearoa New Zealand's 2030 emissions targets, and further delay should not be countenanced.

**Shay Schlaepfer**  
**Chief Operating Officer**  
**Environmental Defence Society**