Initial comparison between He Waka Eke Noa recommendations and Government consultation document on pricing agricultural emissions.

11 October 2022

Accepted	Accepted in part/Minor modifications	Major modifications

Issue	Partnership recommendation See recommendation report	Government Discussion document
Proposed pricing framework	Farm-level split-gas levy: • Emissions calculated and paid for at farm level. • A split-gas approach applies different levy rates to short- and long-lived gas emissions. See pg 20 of recommendation report for more information	Accepted
Commencement date of pricing/interim pricing option	Farm level emissions pricing from 1 July (Q3) 2025. See pg 25 for more information	Farm level emissions pricing from 1 January 2025 Interim processor levy as a transition step if farm level pricing cannot be operationalized by 2025 (with decision made in 2023)
System governance	Establish a System Oversight Board with expertise and representation from the primary sector, to work closely with an Independent Māori Board. These groups advise Ministers on levy rates and prices and set the strategy for use of levy revenue. See pg 28 for more information	Sector and Māori oversight body/bodies will advise Ministers on: • The strategy for using system revenue. • The strategy for using dedicated funds to support Māori landowners and agribusinesses. Climate Change Commission advise on setting levy prices. Ministers make final decision on levy prices.
Who is responsible for reporting and paying	All farm businesses that are GST registered and have over 550 stock units (inclusive of sheep, cattle, deer, and goats; calculated on a weighted annual average basis); or 50 dairy cattle; or 700 swine (farrow to finish); or 50,000 poultry (calculated on an annual average basis); or apply over 40 tonnes of nitrogen through synthetic nitrogen fertiliser are liable. Make business owners legally responsible for reporting and payment. See page 33 for more information	Accepted but with goats, pork and poultry initially excluded in 2025.
Pricing fertiliser emissions	Price synthetic nitrogen emissions from fertiliser within the farm-level levy. Include all farms that are both GST-registered and apply over 40 tonnes of nitrogen through synthetic nitrogen fertiliser. See page 33 for more information	Consulting on two options: 1. Pricing within the farm-level levy (recommended by the Partnership). 2. Pricing within the NZ ETS and manufacturer and importer level (recommended by the Climate Change Commission).

Collective reporting	Allow all farmers and growers to report and pay for emissions collectively. See page 34 for more information	From 2025, Māori agribusinesses will be able to report and pay for emissions collectively. Other collective reporting will be explored as a future addition post 2025.
Calculating emissions	Farmers calculate their short- and long-lived gas emissions using a single centralised calculator (or existing tools and software linked to this calculator). Simple calculator in 2025. Detailed calculator by 2027. See pg 36 for more information	Accepted
How are emissions priced	System Oversight Board advise on levy prices. Ministers make final decision on levy prices. Separate levy rates set for short (CH4) and long-lived gas emissions (N2O and CO2) and separate price for sequestration. The following factors must be balanced in setting levy rates: • Trajectory of emissions reductions towards emissions targets • Availability and cost of on-farm mitigations • Social, cultural, and economic impacts on farmers, regional communities, and Māori agribusiness • Best available scientific, mātauranga Māori and economic information • Emissions leakage from production moving offshore, and impact on food security. See pg 36 for more information	Climate Change Commission advise on setting levy prices. Ministers make final decision on levy prices. Ministers would need to be satisfied that price is sufficient to achieve targets. Socio economic impacts could be considered but are secondary to achieving targets.
How are emissions priced -Short lived (methane)	A unique levy rate is set for methane. Establishment of a price ceiling where the levy rate for each gas is no more than if agriculture entered the NZ ETS with 95% free allocation phasing down by 1 percentage point per annum and the maximum price for methane is no greater than $0.11/kg for the first three years of pricing (till 2028). See pg 42/47 for more information	A unique levy rate is set for methane. No price ceiling.
How are emissions priced -Long lived (N2O) and CO2)	The levy rate for long-lived gas emissions initially set at the level required to cover sequestration and admin costs and fund actions, research, and development. See pg 43 for more information	Long-lived gas prices are set annually and linked to the New Zealand Unit (NZU) price, with a proportional discount starting at 95% and phased down 1% per annum.
How are emissions priced - Sequestration	Initial price for sequestration linked to the NZ ETS carbon price and updated annually but be discounted (around 75–90% of the NZ ETS carbon price). See pg 45 for more information	Under consideration- could be 75% of the NZ ETS carbon price.

Price update	The levy rates reviewed/updated every three years. See pg 48 for more information	Long-lived gas prices are set annually. Biogenic methane levy prices are reviewed periodically (annually or three-yearly) based on progress against emissions targets and advice from the Commission.
Incentive payments	Farmers receive an incentive discount for approved actions (eligible practices and technologies). Incentive discount is related to cost of implementing that action and the emissions reductions achieved. See pg 50 for more information	Accepted
Levy relief	Levy relief provided on a case-by-case basis, as a transition measure finishing in 2030, with strict eligibility criteria that includes: • access to sequestration (both NZ ETS and He Waka Eke Noa) is severely restricted by national and local body regulation and • no access to effective mitigation technologies and • where emissions pricing has had a severe impact on financial viability. See pg 53 for more information	Support for "transitional support". No detail. Seeking feedback on how transitional support mechanism should be designed. Considering discretionary relief in case of adverse events.
Recognising sequestration	Recognise 'additional' on-farm sequestration from a wide range of permanent and cyclical forms of vegetation, which could offset the cost of the emissions levy: • From 2025, recognise vegetation that is part of existing programmes. • From 2027, recognise all categories (and backdate recognition to 2025) Categories included are: • Indigenous vegetation where stock is excluded • Indigenous vegetation • Riparian vegetation • Perennial cropland • Scattered (cyclical) forest provided that it does not meet definition of forest in ETS. • Shelterbelts • Woodlots less than 1ha Vegetation areas are registered as interest against the certificate of title of the land. Liabilities for vegetation removal. Further work by sequestration experts to derive sequestration estimates/rates. Longer term - transition sequestration into NZ ETS once NZ ETS improved and expanded. See pg 55 for more information	From 2025, reward sequestration from riparian margins planted after 2008 and additional sequestration from active management of indigenous vegetation where stock is excluded through contract payments. • Portion of levy money set aside for payments for sequestration • Application process • Contract set for number of years with no ongoing liability after contract has ended. • Further work to determine sequestration rates. Long-term, work toward incorporating these categories into the NZ ETS Considering an approach to "propose new categories" for inclusion in ETS where an individual pays for science and measurement.

Use of levy revenue	Invest levy revenue in research, development, and extension (providing technical advice and information), including a dedicated fund for Māori landowners. See pg 66 for more information	Accepted

This initial assessment has been developed by the He Waka Eke Noa Programme Office.

Read the He Waka Eke Noa media release on the consultation document here.

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