



The New Zealand Emissions Trading Scheme

ETS 2012 Amendments: Biological Emissions from Agriculture in the ETS

The Government recently announced its decisions on changes to the New Zealand Emission Trading Scheme (ETS). These decisions flow from the 2011 Review Panel report, consultation undertaken during April and May 2012, and progress by our trading partners.

This information sheet provides guidance on the key changes for the agriculture sector.

Changes for the agriculture sector

Deferring surrender obligations

The Government intends to defer the start date for surrender obligations on biological emissions from agriculture, pending a review in 2015.

The Government has indicated that biological emissions from agriculture will only incur surrender obligations if the following conditions are met:

- there are technologies available to reduce these emissions
- international competitors are taking sufficient action on their emissions in general.

The Government considers that the above conditions form the basis of a fair test that will ensure our agriculture sector remains competitive. These conditions will also ensure that the sector's entry into the ETS is not delayed any longer than necessary.

Moving to farm level

Biological emissions already face some obligations under the ETS. Processors, mainly milk and meat, currently participate in the ETS as they must report emissions from 1 January 2012. The mandatory reporting of emissions is important and will continue at the processor level. Feedback from the 2011 Review Panel and industry indicates that a more effective point of obligation for biological emissions would be at farm level.


The Government intends to move the point of obligation to farm level as soon as practicable and will continue to explore how this can be done.

The Agriculture ETS Advisory Committee (an independent panel set up to advise the Government on technical and practical aspects of implementing agriculture into the ETS) is currently working on options for moving the point of obligation for emission liabilities to a farm level. It will report on those options later this year.

Reducing emissions from agriculture

Biological emissions from the agriculture sector account for a significant proportion (47 per cent) of New Zealand's greenhouse gas emissions. Reducing biological emissions, therefore, remains a priority.

The Government currently invests over \$18 million per annum in research to reduce New Zealand's biological greenhouse gas emissions. In 2010, \$45



million was made available until June 2016 to support New Zealand's leadership of the Global Research Alliance. Most of this funding is being invested in research to reduce livestock emissions.

Other amendments

The Government intends to make two minor amendments to the way in which biological emissions from agriculture are treated under the ETS:

- removing egg producers from the ETS, to reflect the compliance costs of including this very small emissions source, and
- clarifying the definition for slaughtering (in relation to retail butchers), to ensure that it is clear who face obligations under the ETS.

Further information

Further information on the Government's proposed changes to the ETS, including Q&As and information on the implications for other sectors, can be found at:

<http://www.climatechange.govt.nz/emissions-trading-scheme/>.

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