

# The Māori Trustee's submission on the Deferral of Emissions Trading Scheme obligations for animals-farmer activities

September 2023



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### Summary of Position

1. The Māori Trustee administers, as trustee or agent, approximately 88,000 hectares of Māori freehold land on behalf of approximately 100,000 individual Māori landowners. Te Tumu Paeroa is the organisation that supports the Māori Trustee to carry out her functions, roles and responsibilities. Additional information regarding the Māori Trustee and Te Tumu Paeroa is set out in the Te Tumu Paeroa's website, [www.tetumupaeroa.co.nz](http://www.tetumupaeroa.co.nz).
2. The views expressed in this submission represent the Māori Trustee's position as the single largest trustee and agent of Māori land. However, given the sheer scale and varied nature of the land assets within the Māori Trustee's portfolio, the Māori Trustee's views may not always be shared by all owners of lands she administers.
3. Detailed responses to the questions posed in the Discussion Document are set out below. In summary the Māori Trustee:
  - a. supports deferring the NZ ETS reporting obligation for on farm emissions. The Māori Trustee prefers a single, farm-level levy system to be fully developed and implemented, even if this means an extension to timeframes.
  - b. is not in favour of a ETS processor-level backstop system being implemented alongside the deferral. The Māori Trustee considers that the implementation of the ETS processor-level backstop will not incentivise or recognise changes in behaviour and will create inequities for certain sectors of the primary industry. If, nevertheless, an ETS processor-level backstop was implemented, updated modelling should be undertaken and made available to ensure liabilities stated are current.
  - c. considers Option 1 is both inequitable and inefficient due to the increased level of compliance and/or administration costs on small holdings with low emissions.
4. The Māori Trustee would welcome the opportunity to discuss her submission with staff from the Ministry for the Environment.



## Responses to Discussion Document Questions

### ***Question 1: Do you agree with the proposal to defer obligations for animals–farmer activities from 1 January 2024 to 1 January 2026 under the NZ ETS? If not, what alternative options should be explored?***

5. The Māori Trustee agrees with the Government’s proposal that the obligations of animals-farmer be deferred.
6. In her submission dated 18/11/2022 in relation to consultation on *Te tātai utu o ngā tukunga ahuwhehua - Pricing agricultural emissions* the Māori Trustee noted Māori landowners should have a lead in time of 10 years to account for historical barriers placed on whenua and account for the challenges and nuance of whenua Māori ownership. This remains her position.
7. The Māori Trustee does not agree with the Government’s proposal to continue to implement the ETS backstop Processer-level pricing alongside the deferral. Developing and implementing one effective system to price agricultural emissions at the farm-level would result in a more efficient and equitable approach than having an interim Processer-level NZ ETS backstop implemented. A farm level emissions pricing system would also recognise and incentivise the behavioural changes by farm operators within the primary industry.
8. The Māori Trustee prefers that a single, farm-level levy system be fully developed and implemented, even if this requires an extension to timeframes. With that being said, the Government should provide assurances that no further extension will be sought and that the timeframes proposed in the Discussion Document<sup>1</sup> are firm deadlines. Any further delays to the pricing of agricultural emissions will likely result in high costs and pressures (both domestically and internationally) for farmers and Māori landowners to meet their emissions targets.
9. The Māori Trustee continues to support the recommendations made by the He Waka Eke Noa Partnership and considers their proposal should be implemented, as the alternative to the NZ ETS backstop, for the wider reporting of animals–farmers emissions and consequential surrender liabilities. The He Waka Eke Noa Partnership proposal was modelled to account for 96% of the overall farm agricultural emissions.

### ***Question 2: Do you think the deferral will have a significant impact on our path to reducing agricultural emissions? Why?***

10. The Māori Trustee considers that there will be an impact on the path to reducing agricultural emissions, however, a delay is needed to ensure an equitable, robust, and relevant system is implemented.
11. The Māori Trustee also considers that interim measures should be developed to ensure farmers are encouraged to reduce their emissions in the lead up to the implementation of the farm-level

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<sup>1</sup> Deferral of NZ ETS reporting obligations for animals–farmer activities: Discussion document August 2023



system. This approach would also assist in mitigating the adverse impact of the deferral. At a minimum, the following interim measures should be developed:

- Developing and reporting of on-going implementation milestones.
- Increasing the distribution of effective education materials to affected groups and individuals.
- Providing relevant and on-the-ground funding to the primary sector to action emissions reduction practices.

12. The discussion document states that “modelling” indicates that the proposed deferral can rely on the implementation of the ETS backstop Processor-level pricing to achieve significant emissions reduction until such a time as pricing of agricultural emissions at farm level is implemented. However, the Māori Trustee considers that the modelling used may be outdated, and based upon data collected in June 2022 and accordingly does not reflect the impact of changes in the price of the ETS NZU over the fourth quarter 2022 and 2023<sup>2</sup>. The modelling should be updated to validate the assumptions prior to any implementation of the ETS backstop Processor-level pricing.

### **Question 3: What impact do you consider there would be on compliance and administrative costs as a result of animals–farmers participating in the NZ ETS? Why?**

13. The Māori Trustee considers that Option 1, where all animals-farmer activities are to participate in the ETS, would have a significant impact in terms of an increased burden of administrative and compliance costs.

14. In relation to this question, the Māori Trustee also notes that the disproportionate effects of compliance and administrative costs upon Māori farmers and growers under an agricultural emissions pricing system is an issue documented<sup>3</sup> in the MfE consultation document *Te tātai utu o ngā tukunga ahūwhenua - Pricing agricultural emissions*.

15. Option 1 would require small landholdings, as minor emitters, to register in the ETS and report on their emissions. These types of land users are not normally set up to hold the data or the required reporting systems to provide sufficient detail to meet ETS obligations.

16. Furthermore, as the majority of the Māori Trustee’s portfolio is likely to be captured under the reporting requirements of Option 1, it is anticipated that Te Tumu Paeroa’s administration costs would substantially increase to carry out the additional emissions reporting and monitoring requirements. Currently approximately 30% of the trusts the Māori Trustee administers cannot afford administration costs. This position will only be further exacerbated by implementing Option 1.

17. Option 1 would also disproportionately impact the leasing feasibility of smaller Māori land blocks. The leasing of small whenua Māori blocks already operates within fine margins and

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<sup>2</sup> Modelling is based upon the 2022 MfE Regulatory Impact Statement and does not reflect the changes in the ETS NZU carbon prices during 2023.

<sup>3</sup> Section 2.4 page 14



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additional administration/compliance costs to current and prospective lessees will make these blocks less unattractive, and potentially uneconomic.

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