



Cabinet

Minute of Decision

McGuinness Institute title:
[CAB-22-MIN-0215] Release of He
Waka Eke Noa – Primary Sector
Climate Action Plan Partnership
Final Recommendation Report

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Release of the He Waka Eke Noa – Primary Sector Climate Action Partnership Final Recommendations Report

Portfolios Agriculture / Climate Change

On 7 June 2022, Cabinet:

Background to the He Waka Eke Noa – Primary Sector Climate Action Partnership

- 1 **noted** that in September 2019, Cabinet agreed to a formal sector-government agreement as an interim option to encourage agricultural emissions reductions and to support the transition to farm-level emissions pricing from 2025 [CAB-19-MIN-0480];
- 2 **noted** that:
 - 2.1 the He Waka Eke Noa – Primary Sector Climate Action Partnership (the Partnership) was established in 2020 to develop and implement a framework to reduce agricultural emissions and build the agriculture sector's resilience to climate change;
 - 2.2 this framework includes developing and implementing a pricing mechanism by 2025;
- 3 **noted** that:
 - 3.1 the Partnership was tasked with providing recommendations on an alternative agriculture pricing mechanism by 31 March 2022;
 - 3.2 this report was moved to 31 May 2022 due to Covid-19 related delays;

Partnership's draft key recommendations

- 4 **noted** that the Partnership will publicly release its report, *He Waka Eke Noa – Primary Sector Climate Action Partnership: Recommendations for Pricing Agricultural Emissions Report to Ministers*, on 8 June 2022;
- 5 **noted** that the Partnership is recommending:
 - 5.1 establishing a simplified farm-level split gas-levy transitional system by 2025 and moving to a more complex system by 2027;
 - 5.2 that revenue raised from agricultural emissions pricing would be ringfenced to fund incentive payments and sequestration, as well as the administration costs of this system and support further research and development;

- 5.3 a collaborative governance approach to provide a strong role for the sector and Māori/iwi overseeing key functions of the pricing system, including levy rate setting and revenue recycling;

Climate Change Commission's reports on an agricultural pricing system

- 6 **noted** that the Climate Change Commission (the Commission) is advising the Minister of Climate Change and the Minister of Agriculture through two reports:
- 6.1 'What assistance, if any' should be provided to participants of an agricultural pricing system – delivered on 31 May 2022;
- 6.2 progress toward farmer readiness for an agricultural emissions pricing system, including progress toward meeting the legislative milestones – due on 30 June 2022;

Final decisions on an agricultural emissions pricing system need to be made before 31 December 2022

- 7 **noted** that section 215 of the Climate Change Response Act 2002 requires the Minister of Agriculture and the Minister of Climate Change to publish a report on an alternative pricing system for agricultural emissions by 31 December 2022;
- 8 **noted** that the Minister of Climate Change and the Minister of Agriculture will seek agreement from Cabinet in 9(2)(f)(iv) on a preferred option for pricing agricultural emissions from 2025 and to approve a consultation approach;

Next steps

- 9 **directed** the Ministry for Primary Industries to provide further advice to the Climate Ministers Response Group, on the Report and its recommendations including, as appropriate, on forward timeframes, major issues raised in the report, achievability and economic implications of the recommendations, and alternative options to a farm-level scheme.

Michael Webster
Secretary of the Cabinet