

Submission

to the

Ministry for the Environment

on the

Consultation Document: Te tātai utu
o ngā tukunga ahūwhenua – Pricing
agricultural emissions

18 November 2022

About NZBA

1. The New Zealand Bankers' Association (**NZBA**) is the voice of the banking industry. We work with our member banks on non-competitive issues to tell the industry's story and develop and promote policy outcomes that deliver for New Zealanders.
2. The following eighteen registered banks in New Zealand are members of NZBA:
 - ANZ Bank New Zealand Limited
 - ASB Bank Limited
 - Bank of China (NZ) Limited
 - Bank of New Zealand
 - China Construction Bank
 - Citibank N.A.
 - The Co-operative Bank Limited
 - Heartland Bank Limited
 - The Hongkong and Shanghai Banking Corporation Limited
 - Industrial and Commercial Bank of China (New Zealand) Limited
 - JPMorgan Chase Bank N.A.
 - KB Kookmin Bank Auckland Branch
 - Kiwibank Limited
 - MUFG Bank Ltd
 - Rabobank New Zealand Limited
 - SBS Bank
 - TSB Bank Limited
 - Westpac New Zealand Limited

Introduction

This submission is made by NZBA on behalf of our members with a focus on agri-lending, that is, ANZ, ASB, BNZ, Heartland, Rabobank, TSB and Westpac. NZBA commends the work that has gone into developing this consultation, and welcomes the opportunity to provide feedback.

Contact details

3. If you would like to discuss any aspect of this submission, please contact:

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Summary

Agricultural emissions pricing is an important part of New Zealand's net zero journey, and NZBA is pleased to be part of this conversation. Our submission is focused on the technical design of certain aspects of the regime, namely, that the data collected and provided under this regime needs to be consistent and interoperable.

Data consistency and interoperability is crucial

In principle, we support the proposal that emissions be calculated using a centralised calculator managed by the implementation agency, to ensure that emissions reporting across all farms is standardised and equitable. The methodology for recording emissions needs to be consistent, documented and available to other sectors. This should include who is required to report what (for example, who reports stock under share milker arrangements etc.).

Many industry stakeholders (including farmers and their lenders) have an interest in wider outputs generated by existing emissions reporting tools/calculators, as they can provide information beyond on-farm emissions, for example, estimates of leaching losses, emissions from other sources such as fertiliser manufacture, fuel usage, electricity etc. It is important to consider how a centralised calculator will effectively communicate with these existing tools. This will also benefit farmers, as having data interoperability will avoid farmers needing to enter information more than once.

One way of ensuring data interoperability is for the implementation agency to provide the central logic as open source. This would enable existing tools and systems at the farmer level to build in this capability and then feed that back. We encourage the Government to collaborate with agri-tech leaders to design the smartest solution.

We also request that the reporting entity and framework is meaningful for other uses (i.e. borrower groups rather than large aggregated groups). Having a meaningful reporting entity and framework is key to avoid asking farmers to produce multiple GHG inventories at different levels, which would lead to an unhelpful duplication of effort.

We suggest using an entity which has existing system infrastructure, such as the IRD, to act as the implementation and reporting agency, in order to minimise costs. We note however that emissions management is more complex than a simple levy, and whichever agency is used, there will need to be a strong focus on driving emissions reductions behaviours. We support the suggestion that the data capture tool should be nimble and continually improved over time as additional data becomes available and competencies increase.

We understand that the data is unlikely to be publicly accessible, but we consider it would be extremely helpful if anonymised bulk data was published, potentially as part of a wider platform providing aggregated emissions data free of charge. Potential uses could include financed emissions for climate-related financial disclosures and provision of customer insights to support best business practice.

Other comments

Additionally, we consider:

- Required data inputs should include 'effective area' i.e. the area of the farm that can be used for livestock and cropping in addition to the total farm area.
- In relation to the biogenic methane levy price, we support a three yearly review rather than an annual review.