

New Zealand's Emissions Trading Scheme – SNA2025 implementation

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Content

- Emissions trading scheme (ETS) in New Zealand
- Previous and new approach
- Key learnings
- Questions/discussion

Overview of ETS

The purpose of the NZ ETS is to:

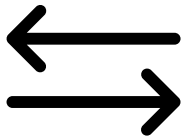
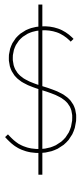
- assist New Zealand to meet its international obligations under the Paris Agreement
- help New Zealand to meet its 2050 target and emissions budgets.

Source: [About the New Zealand Emissions Trading Scheme | Ministry for the Environment](#)



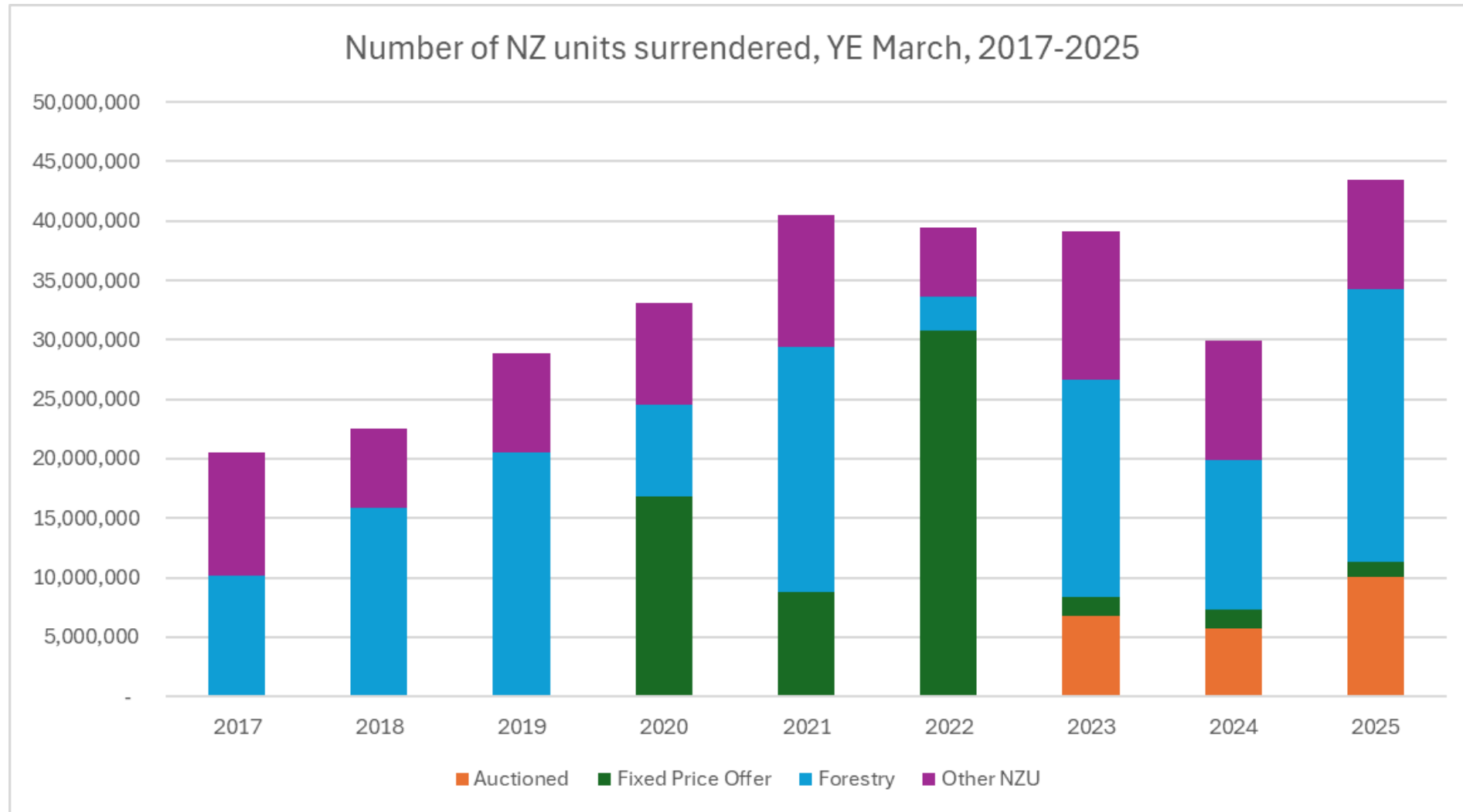
Source: [NZ ETS is a tool for responding to climate change | Ministry for the Environment](#)

How it works



Reporting Quarter	Surrender						
	Forestry NZU	Other NZU	NZ AAU	CER	ERU	RMU	Fixed price option
2023/2024_Q4	14,275,023	18,945,751	-	-	-	-	65,274
2024/2025_Q1	436,745	16,341	-	-	-	-	432,015
2024/2025_Q2	173,817	-	-	-	-	-	23,110
2024/2025_Q3	487,479	617,840	-	-	-	-	88,600

Volume of NZU surrendered



NZU price history



ETS in NZ – data sources

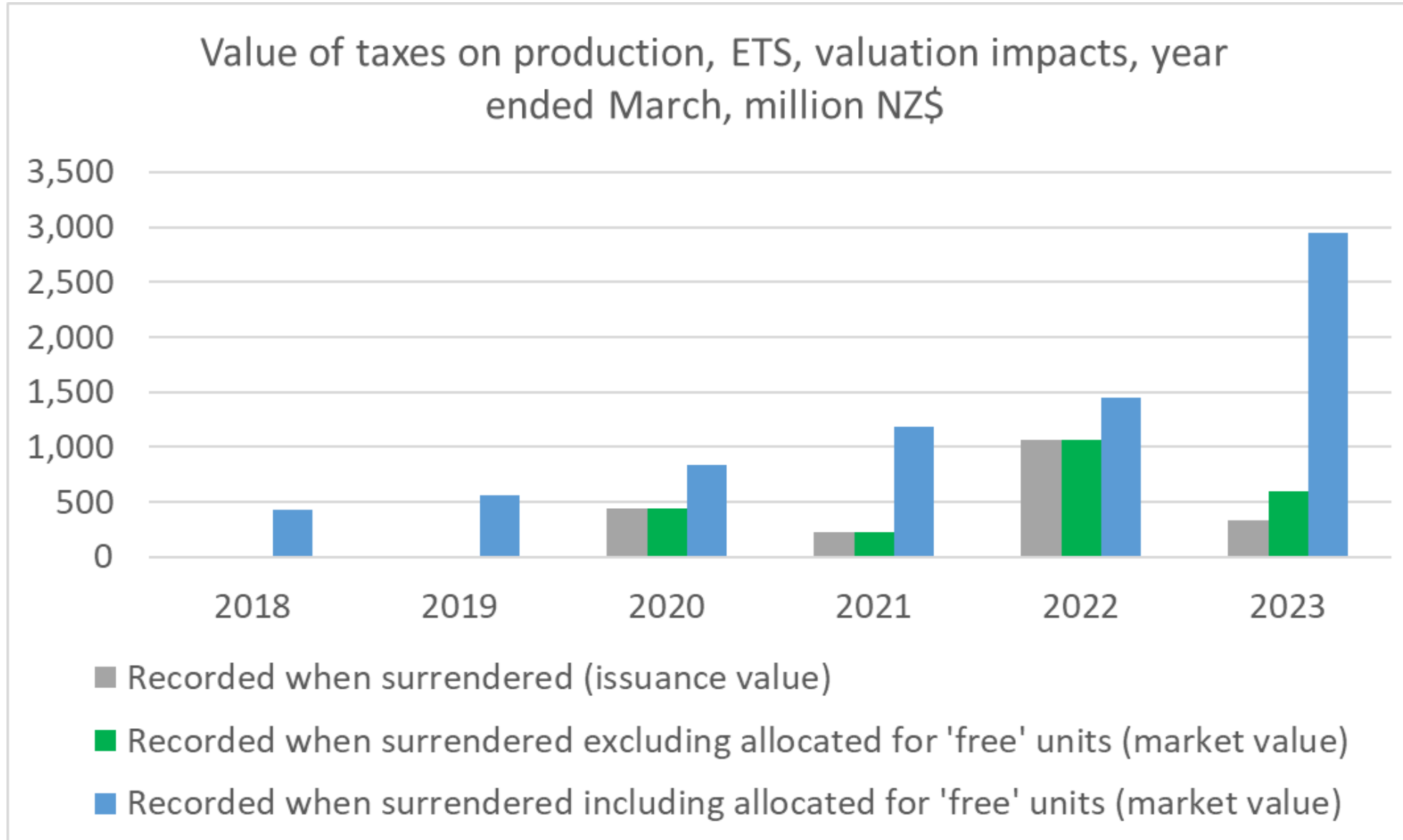
- Government revenue – fixed price offer (FPO) and auctions
- ETS scheme register and reporting requirements:
 - Emissions by business
 - Free allocations by business
 - Surrenders (total)
 - Auctioned units (number and price), FPO (number and revenue)
- Business income and expense related to emissions units – ***not separately identifiable in tax or survey data***



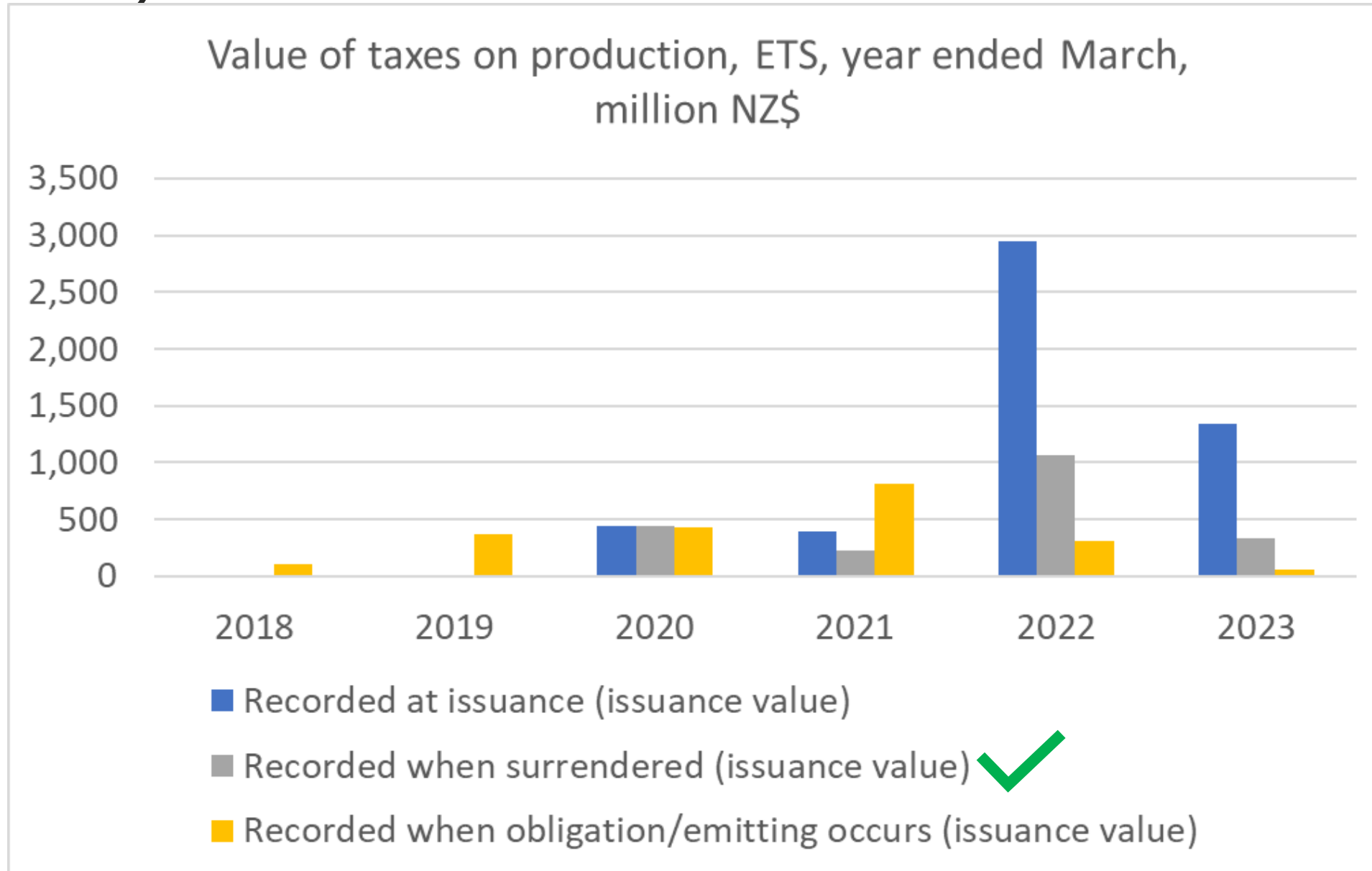
Previous approach in NZ's national accounts

- International guidance - split asset approach as per 2011 ISWGNA decision
 - Taxes on production at surrender
- Previous Stats NZ approach
 - Taxes - revenue received allocated to periods to better align with when emissions occur
 - FPO allocated to prior quarters, auction revenue to future quarters
 - Industrial and forestry allocation – zero value (at issuance)
 - Balance sheets and accumulation accounts – in totals but not separately identified

SNA2025 options: valuation of taxes - issuance (4a/5) vs market (4b)



SNA2025 options: timing of recording of taxes- 3 (issuance) vs 4/5 (surrender)



SNA2025 guidance – timing of transactions

- SNA2025 confirmed issuance price with taxes recorded at surrender.
- Stats NZ have aligned taxes treatment in SNA25, with no specific work done in balance sheets.

Timing of data:

- Obligations (surrenders) due in June quarter for previous calendar year emissions
- June quarter surrenders - allocated to previous calendar year to align with business accrual accounting

Year	January	February	March	April	May	June	July	August	September	October	November	December
2021	Expenses	Expenses	Expenses	Expenses	Expenses	Expenses	Expenses	Expenses	Expenses	Expenses	Expenses	Expenses
2022			Stats NZ MYE			Surrender (tax)						

Taxes method – Quick overview

- New method:
 - Aligns with SNA25 – record taxes when surrendered, at original issuance price
 - Required use of multiple data sources, and some key assumptions:
 - Auction results
 - Calculation of "Auctioned NZU" surrendered
 - Industry proportions (company emissions, accounting for industrial allocation)
 - Fixed Price Option results
- Before implementation, method was tested /discussed with international colleagues

Fixed Price Option method

ETS Surrenders, Allocations and Entitlements

This report shows the number of units surrendered, allocated and transferred for entitlements in the New Zealand Emissions Trading Scheme (ETS)

Tables are showing the period January - March 2025 (2024/2025_Q3)

Surrenders

Unit type	Surrenders	Reimbursements	Net surrenders
Forestry NZU	487,479	-	487,479
Other NZU	617,840	-	617,840
NZ AAU	-	-	-
CER	-	-	-
ERU	-	-	-
RMU	-	-	-
Total non-fixed price surrenders	1,105,319	-	1,105,319
Fixed price option	88,600	-	88,600
Total surrenders	1,193,919	-	1,193,919

Allocations and Entitlements

Type	Allocations and entitlements	Repayments	Net allocations and entitlements
Fishing allocation	-	-	-
Pre-1990 forestry allocation	-	-	-
Industrial allocation	545,213	3,404	541,809
Total allocations	545,213	3,404	541,809
Permanent/ Post-1989 forestry entitlement	6,945,754	401	6,945,353
Other removal activities (ORA) entitlement	337,494	-	337,494
Total entitlements for removal activities	7,283,248	401	7,282,847
Fixed price repayment	-	-	-
Total	7,828,461	3,805	7,824,656

Fixed Price

Fixed Price Option	Money (\$) received by the Crown
Fixed Price Surrenders	3,101,000
Fixed Price Repayments	-
Fixed Price Reimbursements	-
Total	3,101,000

Auctioned units method - volume

- Number surrendered =

36,621,083 (# at end) MINUS

36,887,856 (# at start of period)

MINUS 0 (# auctioned)

→ 266,773 surrendered

Number of NZUs held as of 31 March 2025

Account holder category	Total holdings of NZUs	Holdings of NZU_AUC	Holdings of NZU_FA	Holdings of NZU_FE, NZU_PFSI and NZUPP89	All other NZUs
Participants	101,124,062	17,451,002	6,845,186	66,520,213	10,307,661
Received NZUs	10,153,768	0	6,963,098	113,283	3,077,387
Other	45,824,283	19,170,081	4,324,371	14,043,951	8,285,880
Total	157,102,113	36,621,083	18,132,655	80,677,447	21,670,928

Number of NZUs held as of 31 December 2024

Account holder category	Total holdings of NZUs	Holdings of NZU_AUC	Holdings of NZU_FA	Holdings of NZU_FE and NZU_PFSI	All other NZUs
Participants	95,178,666	16,880,822	6,740,966	62,547,088	9,009,790
Received NZUs	13,671,040	0	7,008,082	114,070	6,548,888
Other	41,538,845	20,007,034	4,468,066	11,480,478	5,583,267
Total	150,388,551	36,887,856	18,217,114	74,141,636	21,141,945

March 2025 Auction Results

The March 2025 auction produced no clearing price because there were no bids. As a result, all available units will be rolled over to the next auction on 18 June 2025.

Auction information		Auction results	
Auction name	March 2025	Clearing price	None
Auction date	19/03/2025	Units sold	0
Units available	1,500,000	Units unsold	8,600,000
Unsold units available from previous auctions	0	Cover ratio (excluding ccr units)	0.00
Tier 1 CCR units available	2,600,000	Cover ratio (including ccr units)	0.00
Tier 1 CCR trigger price	\$193.00	Number of participants	0
Tier 2 CCR units available	4,500,000	Successful participants	0
Tier 2 CCR trigger price	\$242.00	Number of bids	0
Total auction units	8,600,000	Total units bid for	0
		Average units per bid	0

Auctioned units method – price (FIFO)

- Auction 1 – 100 units at \$100 each
- Auction 2 – 100 units at \$110
- Surrender 1 – 80 units
- Surrender 2 – 40 units
- Surrender 3 – 40 units

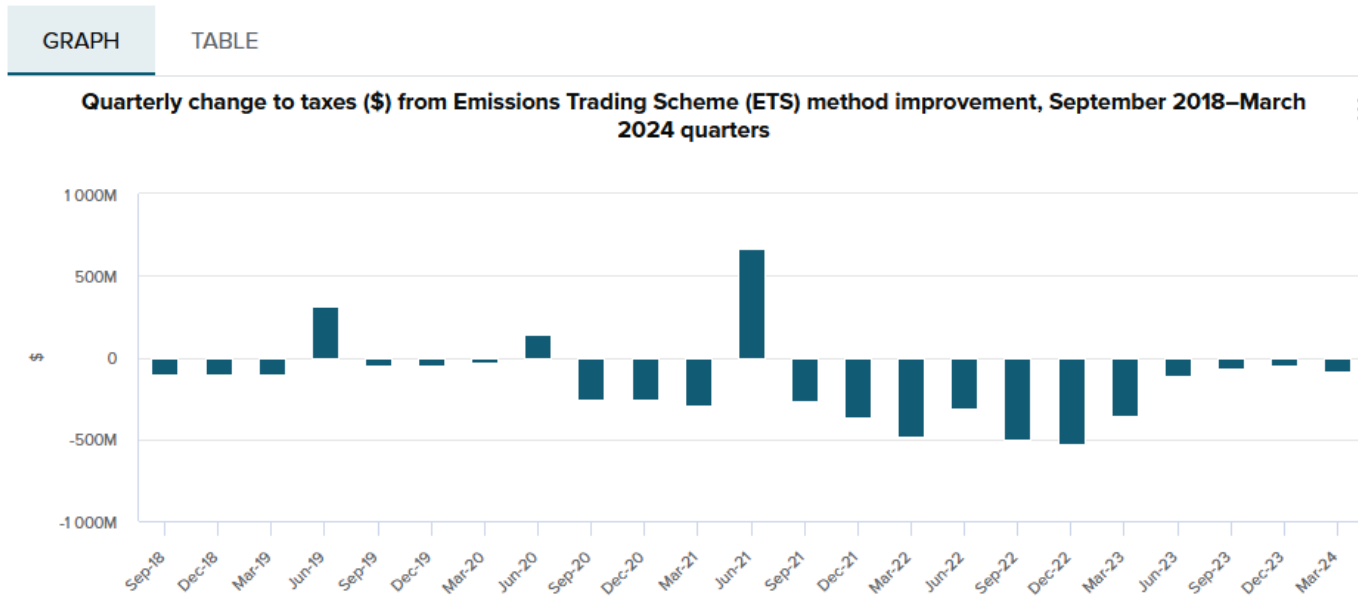
Surrender #	Volume surrender	Price	Total value
1	80	100	8,000
2a	20	100	2,000
2b	20	110	2,200
2 total	40		4,200
3	40	110	4,400

Business expenses

- Normal assumption - other taxes on production included in total operating expenditure
- ETS taxes not the case - misalignment
 - Surrender (tends to be annual) vs accrual (businesses based on emissions) timing
- Using government and ETS register information to adjust business expenses
 - FPO
 - Auction
 - Free allocation*
 - Forestry*

Implementation and communication

- Implementation timeframes



- Communicated via standard preview paper: [2024 preview of national accounts improvements | Stats NZ](#)
- **Note:** ETS values are not currently separately reported, but likely interest for individual reporting in tables

Compilation issues

- Assumptions needed:
 - average age of emission permits surrendered (price)
 - Matching up the timing of transactions in different data sources
- Adjustment needed for business accounts - Difficult to remove business expenses and income to ensure GDP is not impacted
- Allocating to industries
- Complex topic
- Practical challenges – admin first vs survey



Summary of changes adopted

- Total taxes based on # surrendered and "FIFO" auction pricing
- Business Expenses - Timing - accrual vs surrender important for removing from Intermediate Consumption
- Methods based on publicly available information
- Initial focus on improving methodology for taxes

Discussion, questions?