AgriTechNZ's commentary for He Waka Eke Noa document to government

Date Friday 6 May 2022

Authors Kenneth Irons, Chair, and Brendan O'Connell, CEO, AgriTechNZ,
with the assistance of AgriTechNZ Data Reference Group, comprising some 18 entities

1 Farm registration – *"keep calm, it'll be fine"*

A key consideration is around onboarding, which is helped by both system and farmer readiness

We strongly suggest aligning the He Waka Eke Noa registration requirement with the Digital Identity and geospatial registration components of:

a. Department for Internal Affairs (DIA) Service Trust Framework,
b. Integrated National Farm Data Platform (INFDP),
c. Freshwater Farm Plans (FW-FP), and
d. Keti Pāmu system definitions.

This will reduce development times and duplications, as well as enabling necessary alignments between individual, organisational and spatial registrations.

In support of farmer readiness, this aligned system is also easily supported by an ecosystem of advisors and service providers.

The volume of registrations required is considered business as usual by many agritech system providers who already manage similar transaction volumes at annual milestones.

2 Data input integrations – *"moving compliance to "no effort at all"*

2.1 Emissions Levy Compliance

It may not be technically feasible for emission levy compliance to be entirely effortless, but the world-leading approach taken to removing tax compliance costs for the New Zealand wage and salary earner by New Zealand's Inland Revenue Department shows that the effort of administration can be dramatically curtailed by careful system design.

2.2 Capture data at its source

Taxpayers compiling their own data at the end of the year, finding receipts and calculating totals is inefficient and inaccurate.

In the same way, farmers entering data into a centralised annual calculator, or even collecting most data items themselves is inefficient.

Much of the industry's "farm data" is actually captured by other entities – rural supply companies, fertiliser suppliers and spreaders, livestock and equipment companies. It may

currently be used for other purposes, but it could readily be made available to support levy calculation.

2.3 Leverage data interoperability

New Zealand's tax administration systems support data from a wide variety of tools and platforms, but IRD has not needed to build a 1:1 connection with every possible tool of record.

Instead, it has published specifications that banks, payroll and finance software developers have implemented. Importantly, it has embraced international specifications around electronic invoicing. Equivalent specifications exist for much of the farm data set – and importantly, New Zealand is collaborating and leading much of the international work.

2.4 GHG Calculator Methodology

Control of the GHG calculator methodology used to enable financial transactions can be achieved at the same time as enabling distributed data services by the ecosystem of farmer-facing providers, businesses founded on value delivery to farmers daily. Farmers will be more empowered to participate in the system if participation is aligned with operational practice and benefits.

2.5 Source Code

Open or shared source code will enable the internal calculation engine to be integrated into farmer-facing toolsets and services, increasing farmer readiness, compliance and ultimate outcomes.

IRD doesn't implement accounting systems to centralise all the data of every company and taxpayer. Only the final declarations are centralised. In the same way, the gathering and preparation of all farm information to produce those could **and should** be distributed. All we need is a set of inputs that are effectively like an IRD form/declaration that is auditable but that doesn't mean that that data has to be held centrally.

2.6 Auditing

Auditing is necessary as a compliance cross-check anyway, but that's also the process where a sample of farms are audited from their base data, without all the data for every farm for every year being centralised (which would be incredibly intrusive and generate significant compliance resistance).

3 Ecosystem – *"we're all keen to do this 'He waka eke noa' "*

3.1 AgriTech New Zealand independent, pre-competitive support

AgriTechNZ supports a regulatory approach that builds on an ecosystem of connected applications, organisations, systems and people.

3.2 Use of Existing Ecosystem to Accelerate Adoption

The adoption of our various systems across the industry (Farm Focus, Figured, FarmIQ, Farmax, Overseer, MyEnviro, Trev, Precision Farming etc) with aligned support from customer service teams, Chartered Accountants and Farm Advisors gives credit to the belief that He Waka Eke Noa can rely on getting a solution adopted quickly (yes, in a year) by having it embedded within the existing and growing eco system.

3.3 Collaborative Approach

We acknowledge that any regulatory platform focussed on enabling emission reduction will require both a government and farmer-facing implementation. Overly focusing on one requirement set over the other will greatly reduce the shared objective of reducing emissions.

Working with this ecosystem also ensures Farmer focus and future proofing

3.4 Remove collection effort, not approval

Despite the distributed, source-based data integration we propose, farmers must retain control of data about their farming enterprises. The complexity of modern farming systems and business structures requires that farmers can control the release of their data for specific purposes and are able to review and approve (or submit) their compliance information. This is the same principle as that of filing a tax return, which still requires a taxpayer to authorise their accountants (if any) and approve (or submit) a final return.

3.5 Support farmers to go above and beyond

If automated data collection from source systems can dramatically streamline compliance effort (and our modelling indicates it can), many farmers will want to go further.

They will seek to optimise farm systems and explore how land use and farm system changes can drive lower emissions or greater efficiency.

This is where intelligent tools for data analysis and farm systems models add greatest value. New Zealand has great examples of existing tools that enable farmers to do this, and more are coming.