

Submission

SUPPLEMENTARY SUBMISSION

CLIMATE CHANGE RESPONSE (EMISSIONS TRADING REFORM) AMENDMENT BILL

Submission to: Ministry for the Environment – Environment Committee en@parliament.govt.nz

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Contact Details

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The Forest Owners Association

The New Zealand Forest Owners Association Incorporated (FOA) is the representative membership body for the commercial plantation forest growing industry. FOA members are responsible for the management of approximately 1.2 million hectares of New Zealand's plantation forests and over 75% of the annual harvest.

In 2019, the forest growing sector was worth \$6.93 billion in export value and has a 12% share of rural land use.

Supplementary submission

We write to you further to our written and oral submissions to the Environment Select Committee on the Climate Change Response (Emissions Trading Reform) Amendment Bill.

We are compelled to respond to both the Meat Industry Association (MIA) oral submission made after our oral submission to the Committee and a subsequent media statement issued by Federated Farmers on their [website](#).

The MIA has made a number of references to what it calls 'productive farmland' being turned into forestry. The evidence is clearly that greater productivity derives from forestry. Trees are productive too.

The MIA states New Zealand meat exports are worth \$8.8 billion a year. This production is from some 8.5 million hectares of land. New Zealand forest product exports to June 2019 were worth \$6.9 million dollars. This value is from some 1.7 million hectares of land.

The export return is therefore \$1,035 per average meat production per hectare of sheep and beef land per year and \$4,058 from forestry – four times as much. This is independent of any carbon price.

Were the meat productivity extended to other measured products from sheep and beef farming, such as wool, the picture does not change appreciably. MPI reports the sheep and beef sector exports to June 2019 to be \$10.18 billion.

This represents an average per hectare per year return of \$1,198 – still well behind that of forestry’s \$4,058. The MIA has quoted a study conducted by [BakerAg on the Wairoa District](#), released on 1 August 2019; argue that forestry is destructive to local communities. It is valid to point to another conclusion reached by BakerAg;

“Based on current log prices and the value of carbon, the typical sheep and beef farm was found to be unable to compete with forestry returns over a 60-year period.” (page 20).

As far as employment is concerned, the evidence is that forestland employment is higher than that of sheep and beef land, per the same area. Forest workers are perhaps less likely to live in the area they work, but they always live somewhere and make comparable economic contributions there.

Statistics New Zealand's labour survey figures show that in 2016, forestry employment FTEs exceeded the red meat and wool sector.

Sector	Area m/ha	Fulltime workforce	Workers per 1,000 ha
Meat and Wool	8.5	30,890	3.5
Forestry	1.7	7,500	4.4

It is true also that forest workers do not work in a fixed factory setting, such as a meatworks, but nonetheless numbers employed are at least comparable.

In 2014, the Ministry for Primary Industries indicated it expected that the labour force for sheep and beef farming would need 5,100 fewer workers by 2025. The same survey estimated that the forestry workforce would need to increase by 5,300.

One of the biggest causes of rural depopulation is the efficiency increase in sheep and beef farming in recent years.

The number of downstream workers is more difficult to evaluate and define. For forestry, one sector indication is the count, by the Log Truck Safety Council, of some 930 log truck companies in New Zealand, with a total of 1,800 trucks operating.

The conclusion, based on objective evidence, is that integrating trees alongside the traditional agricultural model will enhance and sustain rural businesses and populations.

Revised modelling of ETS settings as envisaged in the Bill will provide greater certainty of financing for landowners to make positive decisions for forestry.

The MIA is concerned that little work is available to validate whatever settings of the carbon price are required to achieve carbon goals.

Could we point out, as we did our written submission, that the Productivity Commission has tabled three emission price trajectories necessary to reach carbon neutrality (and a now redundant three lesser carbon reduction goal carbon price projections) based on different emission reduction pathways.

This field is not as bereft on investigation work as the MIA would have us believe.

<https://www.productivity.govt.nz/news/act-now-to-set-new-zealand-on-the-path-to-achieve-a-low-emissions-future> (page 61)

The media statement cited the Parliamentary Commissioner for the Environment's estimation of some 5.4 million hectares of afforestation required by 2050, to achieve carbon neutrality for New Zealand if carbon emissions from fossil fuels were not substantially reduced.

This statement by Federated Farmers needs to be corrected. The PCE estimation was for 2075, not 2050. The Federated Farmers statement is misleading.

Nonetheless, large scale afforestation is still required on appropriate land to achieve the government's ambitious goal of zero carbon emissions by 2050. Afforestation is but a stopgap measure in reducing greenhouse gas emissions over time, but a vital step to give us that time.

A handwritten signature in black ink, appearing to read 'David Rhodes', with a stylized, cursive script.

David Rhodes, Chief Executive, Forest Owners Association