

Submission

on

He Pou a Rangi, 2050 Target Review
discussion document (2026-2040)

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Climate Change Commission

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Submitter

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 Aotearoa New Zealand's plantation forests and over 70% of the annual harvest.

The New Zealand Farm Forestry Association (FFA) represents people who own small-scale private forests and/or are interested in the many values of trees. Currently we have over 1200 members representing a good cross-section of the approximately 15,000 entities owning private forests in Aotearoa New Zealand. Small forest owners represent more than 96% of the participants in the New Zealand Emissions Trading Scheme.

In 2023, the forest growing sector was worth \$6.6 billion in export value and has a 12% share of rural land use. It contributes 1.6% of New Zealand's GDP and employs between 35,000 and 40,000 people in wood production, processing, and the commercial sector.

Summary

The FOA and FFA appreciates the opportunity to provide feedback on the discussion documents and draft advice currently being consulted on by the Climate Change Commission. The advice, and subsequent decisions taken on the basis of the Commission's advice significantly, and directly, impact on the forestry sector and its ability to play a role in mitigating the impacts of climate change. Even before the final advice has been provided to Government the statements made by the Commission have an immediate impact on investor confidence and commitments as we have seen previously and as we have seen from this round of consultation as well.

The Commission has made it clear that it has not yet come to a final conclusion, before further consultation, on whether the target should be altered. We consider the analysis and statistics contained in the document provides a compelling case for change and we note that the Commission concludes "*We have found no evidence to support weakening the current 2050 target, and enough to consider strengthening it (page 74)*".

It is clear:

- A) the world is not on track to meet the globally agreed targets needed to reign in global warming. Not only is the 1.5°C limited on warming unachievable, but even limiting warming to 2°C will require fully implementing all the existing targets AND increasing the ambition of targets. We fail to see how the Commission cannot ultimately conclude that our target, along with all other international signatory targets will have to be strengthened.
- B) that Aotearoa New Zealand is not out-performing on the international stage, it is under performing and our target is not sufficiently comprehensive.

By signing the Paris Agreement, Aotearoa New Zealand committed to holding *“the increase in the global average temperature to well below 2°C above pre-industrial levels”* and pursuing efforts *“to limit the temperature increase to 1.5°C above pre-industrial levels”* (page 13). As the documents notes the first place to start is to review whether the target is *“fulfilling one of the purposes of the Act: to contribute to global efforts under the Paris Agreement to limit warming to 1.5°C above pre-industrial levels’.”*

The comments from the Chair are stark:

“It has become clear that global action and targets are not sufficient. Global emissions have yet to peak. For the first time, global warming has exceeded 1.5°C across an entire year – and the longer term averages (typically calculated over 20-year periods) continue to increase”.

Clearly, *“The world is not on track to limit warming to 1.5°C. If this is not urgently addressed, then the impetus will be to ensure a return to under 1.5°C will be as quickly as possible. Every fraction of a degree averted or reversed makes a difference (page 14).* Because the targets are not being met, it is reasonable to expect that global pressure to make further, faster, reductions will only intensify. This is consistent with the expectation that parties’ successive NDC’s will demonstrate increasing levels of domestic commitment. *Not only is the world not on track to meet the target there is only a 66% chance of limiting it to a 2°C rise.*

Furthermore, (page39) *“If the world warms beyond 1.5°C, known as an overshoot, then returning to the 1.5°C goal will require achieving net negative emissions of long-lived greenhouse gases and increased reductions of short-lived greenhouse gas emissions.”*

The transition to a low emissions future will create opportunities but also challenges, especially with Aotearoa New Zealand being so reliant on international trade. We must avoid *“being stranded as a high emissions producer”*. Many international customers are looking at the ‘emissions profile’ of their products and their suppliers. *The actions Aotearoa New Zealand takes now, and in the important decisions to come, are important for our global reputation – and our access to global markets.*

We consider that, since the target was set, there have been significant changes that necessitate the target being reviewed. The review of the 2050 target is also influenced by the other two pieces of work that the Commission is currently consulting on. Thus, the fourth budget, or inclusion of international aviation and shipping emissions (which would be consistent with international moves) then the Commissions advice, and 2050 budget, will be impacted.

It is of significant concern that the document also points to Aotearoa New Zealand’s NDC contribution being found wanting and inequitable against a range of measures and also, that our target is lacking criteria that mean the 2050 target may not be sustained beyond that date. Although it is called the ‘2050 target’, it has requirements that apply to every year after 2050 and yet this is not a consideration of our target.

Given the influence of the target, and its importance for making long term investment decisions we support there being a “high bar” for change. It is our expectation, though, based on developments to date, that the pressure for Aotearoa New Zealand to demonstrate further commitment to reigning in runaway global warming will mean that the bar has been reached. In a significant systems development since the first three emissions budgets set forestry has already provided additional breathing space. Rather than now seeking to reign in forestry this could be capitalised on increasing our target by a commensurate amount. This does not need to mean that the pressure on gross emissions eases up.

We agree that target setting is a matter of judgement. There is a balance between pushing too far, too fast and ensuring that we avoid *“economic and reputational risks if international customers think Aotearoa New Zealand is not ambitious enough”*. We also agree we should not compromise gross emissions reductions by relying too heavily on forest removals. Nonetheless, forestry does provide the opportunity for Aotearoa New Zealand to increase its level of ambition in alignment with international partners in a cost-effective way. As the chair notes *“Planting trees gives Aotearoa New Zealand the opportunity to go further with our long-term climate goals”*. Other signatories will need to pursue more expensive removals options to enable an increase in the NDC ambitions but *“As a country, we are fortunate to have options that are much more cost-effective than ‘carbon storage solutions’ being chased around the world”* (page 17).

It is encouraging to note that the Commission’s Chair has stressed the critical role that forestry plays and we appreciate the engagement he, and the team, have made with the forestry sector to listen to our feedback.

Whatever combination of approaches is settled on to strengthen our target forestry provides a more realistic chance of achieving it provided that signal is supported, and conveyed, by the Commission and the Government.

The Chair notes (page 17) that *“the Government has committed to setting restrictions on the types of land that can be registered for forestry in the NZ Emissions Trading Scheme* but then notes that *“the details are not yet available. We contend that the details are sufficiently clear that they should be taken into account when considering the probability of achieving budgets and targets. Furthermore, these restrictions are not conducive to establishing the forestry that will be required under the existing target, let alone any increased target.*

The Commission has assessed that the proposed emissions budget four (EB4) commitments will deliver a net positive benefit to the economy *“almost \$2 billion on average each year by the fourth emissions budget period”*. The question then becomes what is the net benefit of a relatively modest increase in the rate of transition for Aotearoa New Zealand? All of the examples listed that could be associated with an increased target are also all beneficial for Aotearoa New Zealand (page 28).

Any change to the target should be signalled as early as possible for it to have effect. The target *“provides a consistent signal to Government, businesses and communities so they can plan long-term action and investment.* The Commission is preparing budget advice for the period 2036-2040. If a change in the target is anticipated, this fourth budget needs to incorporate that change. We are concerned that the consultation on the fourth budget notes that it will be affected by any change in the target but, at this draft stage, assumes there will be no change.

Of the approaches available we consider the following are unavoidable:

- An increase in the net level of emissions reductions.
- An increase in the level of biogenic methane reductions.
- The establishment of post 2050 targets that lead to net zero emissions.

One very important conclusion is clear from the document – we have an exceptionally difficult challenge in achieving a sustained reduction in our global warming beyond 2051. The current target does not address this. By all measures Aotearoa New Zealand’s contribution will not be considered equitable internationally and the key challenge is our projected methane levels even under the most optimistic scenarios. If Aotearoa New Zealand does not revise the methane component of the 2050 target then, necessarily, this “*would require a much faster reduction in net emissions of all other greenhouse gases and greater reliance on forests to remove carbon dioxide.*” Our submission is that even under the alternative scenario – the methane target is revised downwards – forestry will also be required to play a greater role – this time through facilitating land use change to provide a sustainable alternative option to high livestock numbers. Either way, the role of forestry will need to be greater than what is currently being concluded.

Chapter 2: Assessing the current 2050 target’s contribution

The global effort to limit warming

The 2050 target was established as Aotearoa New Zealand’s domestic contribution to global efforts to limit global warming to 1.5°C above pre-industrial levels. At the same time the discussion document notes that: “*According to modelling from the United Nations Emissions Gap Report 2023, if the world achieved all existing commitments and pledges to reduce emissions, temperatures would still likely rise more than 1.5°C.*”

Not only that but (page 41):

- even under the most optimistic scenario – with all commitments and pledges implemented – the world has a 66% chance of limiting warming to 2.0°C (range: 1.8°C to 2.5°C)
- with only current policies continuing, the world has a 66% chance of limiting warming to 3.0°C (range: 1.9°C to 3.8°C)

To compound the pressure, the time available for global action to prevent an overshoot of 1.5°C has decreased.

The message is crystal clear – more is required from everyone, and soon.

Aotearoa New Zealand’s efforts to limit warming

This paragraph is one of the more telling parts of the discussion document in concluding that that our target is lacking some important components and will likely not achieve even net zero emissions. Specifically that our current 2050 target:

- Does not require emissions of biogenic methane to reach net zero or to make good on this lack of reduction through deeper reductions of other greenhouse gases before or after 2050.
- Even if achieved will likely result in Aotearoa New Zealand continuing to have net positive emissions in 2051 and every year after. Indeed, the conclusion is that we will still be contributing to global warming in the year 2100 (page 41) even though the world and Aotearoa New Zealand needs sustained net negative CO₂ emissions and further reductions of methane even under the most optimistic scenarios.

- Would result in per capita methane emissions in Aotearoa New Zealand being 3 to 4.4 times higher than the global level and continue at this level in perpetuity.

This starkly illustrates Aotearoa's Achilles' heel – our enormous per capita production of methane combined with our very limited means of addressing it while concurrently trying to maintain existing primary production models. The recent report by the Parliamentary Commissioner for the Environment acknowledges this landuse pattern challenge. This challenge is made more acute given that the “*right to sustainable development*” will continue to be an important part of the international climate change talks and those relying on methane producing activities for their survival will have stronger claims to any global methane budget than New Zealand does.

We consider that these circumstances and statistics make it highly unlikely Aotearoa New Zealand's target will be judged acceptable and in line with global goals and commitments.

From multiple perspectives, the 2050 target may not represent an equitable contribution to global efforts to limit warming

Compounding the previous paragraph which shows that our target is unlikely to be in line with even existing goals, this section also suggests a range of additional measures by which Aotearoa New Zealand will be considered to fall short with its target.

We agree that under all four measures: equal per capita emissions, capacity/ability to pay, responsibility for warming and the right to sustainable development it is hard for Aotearoa New Zealand to mount an adequate defence. The fact that our emissions in a global sense are trivial, that we are at the highest level of efficiency of livestock production in the world, that we are devoting considerable sums of money to research solutions and have one of the few market mechanisms in the form of the New Zealand Emissions Trading Scheme (ETS) have not, and will not, be sufficient arguments for us not to be expected to make commitments in line with our standard of living and in line with ‘*Shared Socio-economic Pathways*’. As noted, “*If everyone in the world contributed the same level of warming per capita as Aotearoa New Zealand, total warming would peak at around 5°C*” (page 41).

Chapter 3: Checking for significant change

In this section, four developments are listed as being of sufficient magnitude that they warrant serious consideration of a change in Aotearoa New Zealand's target.

Global action – Of the four significant factors we consider this the most influential. In essence the unavoidable conclusion is that since 2019 the collective global effort has not been enough. The summation of the NDC's proffered has been inadequate to meet the goal agreed by all. This leads inescapably to the conclusion that targets and ambition will have to be lifted. If Aotearoa was outperforming the rest of the world in terms of emissions reductions it might be possible to conclude that we did not need to lift the target when everyone else does but, our domestic statistics show that this is not the case and furthermore our target has already been overtaken by others. It would be irresponsible to believe that New Zealand will not be subject to increasing pressure to restore its target to a level commensurate with the level of ambition that existed when it was set in 2019.

Scientific understanding of climate change – we agree that the scientific evidence of the impact of global warming has confirmed that the challenge is greater than previously estimated. This merely underlines the previous point that additional global action will be required.

Technological developments – We note the potential for a methane inhibitor that could be used in Aotearoa but this is an unknown. Ironically, progress with an inhibitor offshore in dealing with methane emissions only serves to increase the pressure on New Zealand to deal with this same gas.

The principal risks and uncertainties associated with emissions reductions and removals –

The inclusion of “*some negative impacts*” of forestry experienced by “*some*” people as the fourth significant factor is unwarranted and out of place.

The same groups listed have also benefitted hugely from commercial forestry and we fail to see how some extreme, and localised, weather events are directly relevant to the 2050 target, could change Aotearoa New Zealand’s ability to achieve it, and could change the 2050 target’s ability to achieve its purpose as set by Parliament?

Such extreme cyclonic events have occurred previously and were entirely foreseeable in 2019, when the target was first set. If such events are to be registered as so worthy of attention then why is there not reference to the same damage caused in urban areas, as happened at the same time in Auckland on anniversary weekend. These impacts are not of the same order of magnitude as the other three factors listed. One of the key contributing characteristics of forestry is that it provides a more stable land-use than farming under increased extreme weather events. Why is this not also taken in to account?

The section ends with a vague comment about there being “changes in employment opportunities” as a consequence. How is this relevant to the target when, in the very next section on Topics that do not appear to have changed, the document notes that “*New Zealand’s economy is still in a strong position over the long term*” and “*Changes to overall employment because of climate policy are expected to be minimal*”?

The inclusion of forestry as the only item under the heading of “*The principal risks and uncertainties associated with emissions reductions and removals*” (page 26) is inconsistent with commentary elsewhere in the document. This section is not based on analysis, it is overblown, unbalanced and should be removed.

The target could be strengthened without changing its structure

We acknowledge the importance of the split gas approach because of Aotearoa New Zealand’s unique greenhouse gas profile and agree that this approach can be maintained while strengthening the level, or timeframe, of the target.

The key message (page 28) is that “*If a change to the target is needed, making that change sooner rather than later will increase the time that people and systems have to respond and adjust*”.

The Commission states that “*Our initial review suggests that some key circumstances have changed since the target was set in 2019, and the Government might be justified in considering strengthening it.*” Use of the word “*might*” implies the Commission cannot decide whether the target should, or shouldn’t, be strengthened. We conclude, from the discussion document, however, that the Commission has provided compelling evidence that a change is warranted, and the extent of the changes has certainly been enough to prevent the Commission from concluding that there is no need for a change.

Clearly an amended target is a very realistic possibility and if such a change is to take place then the earlier it can be signalled the better. As stated, “*The target provides a long-term goal that signals the direction of travel*”. Given that the Commission is about to provide advice on the 2040 budget, now would be the time to incorporate any change in the target.

Forestry

There are a range of reasons why the target should be strengthened including:

- An increase will be necessary to maintain consistency with global commitments to holding warming to less than a 1.5 degree increase or avoid even higher targets.
- Emissions from shipping and aviation to and from Aotearoa New Zealand are included in the New Zealand reduction target.
- The changes since 2019 are considered significant.

Any, or all, of these reasons, will necessarily require earlier, or deeper, cuts. An important component of this will be an absolute reduction in all greenhouse gas emissions but we also conclude that the role of forestry will become even more important. We acknowledge the comments by the Chair of the Commission in recognising that both parts of the equation are needed.

Our concern is that even with no change in the target, the Commission is basing its fourth emissions budget advice based on existing policy albeit acknowledging that this could well change and would have implications for the budget if it did. We consider that the various policy changes already signalled are imminent and will mean that the level of exotic forestry planting that is registered in the ETS will fall short of what the commission's projections are.

In our own engagement with Government, we have seen no deviation since the election from the proposals for forestry and its carbon sequestration role:

- There will be no limits on Class 7 land (but this is a relatively small category of around 3M ha with only a fraction suitable because of the topographic challenges).
- There will be a cap of around 15,000 ha of planting on Class 6 land (this category comprises around 55% to 60% of steeper New Zealand farmland) and is where the vast majority of forest planting would ordinarily take place, and is best suited. The figure of 15,000 is very modest.
- There will be a moratorium on planting on Land classes 1 to 5. (There is typically only a limited amount of planting that takes place on Class 5 land but this would remove that from the equation).
- The policy that the National Party campaigned on also included the proposal to ban overseas investors from registering any forest planting in the ETS.

FOA and FFA are equally concerned that there is no recognition of the important role that forestry is playing, and can play in the future, in reducing agricultural emissions, mostly methane, but to a lesser extent nitrous oxide. Virtually all forest planting in Aotearoa New Zealand is taking place on agricultural land. This is typically land with low stocking units but the associated reduction in methane emissions is significant and important for both our national accounts and for the agricultural sectors emissions balance sheet. This relationship deserves measuring and reporting as part of any benchmarking.

A recent calculation on a typical sheep and beef property by one of our members showed that for 770ha the carbon accumulated up to the age 16 average amounted to just under 300,000 tonnes CO₂e. The avoided emissions over the 30 years of the project amounted to just over 100,000 tonnes CO₂ equivalent. The net reduction was thus over 400,000 tonnes CO₂e or 519 tonnes CO₂e per hectare. An additional 25% of avoided emissions is a very important factor for assessing the ambition of any national target.

We reject the conclusion that the risks from forestry have changed so fundamentally since the budget was set just four years ago that this warrants reconsideration of the budget. The risks associated with forestry have not materially changed in that period despite their being extreme weather events that have heavily significantly impacted some forestry, other land uses and some urban centres. Cyclone Gabrielle was a repeat of Cyclone Bola and several others that have gone before. There is no associated analysis to support the conclusion that there are important, consequential, and notable impacts on the 2050 target that were not already known in 2019.

For the Commission to include this alongside the other factors which are serious changes which are quantifiable, and are orders of magnitude more important, undermines the quality of the analysis. It should be removed or justification for its inclusion provided.

Methane

Most of Aotearoa New Zealand's impact on global warming comes from our methane emissions (page 41). The 2050 target's split gas structure reflects differences in the warming impact of the gases, as well as uncertainties around the availability and affordability of options to reduce them and the discussion document notes that *"targeting the gases separately allows Aotearoa New Zealand to take actions tailored to those different effects"*. While this is true, it is not the case that methane is a gas that will dissipate quickly. The discussion document refers to methane being a short-lived gas. We do not agree with this conclusion. Methane is less long-lived than carbon dioxide but, as is acknowledged, we are still talking about an impact that lasts between "several decades and hundreds of years". Given the urgency of attempting to keep warming below the 1.5°C target in the near term it can be argued that methane, with its much higher forcing potential, is actually a more important target than carbon dioxide.

We conclude that Aotearoa has relatively limited ability to "tailor" how it addresses the gases we produce, while also maintaining credible progress on our NDC. The NDC itself is our contribution to global efforts under the Paris Agreement to limit warming to 1.5°C above pre-industrial levels, notwithstanding the fact that it is non-binding in a legal sense.

Aotearoa New Zealand does face unique challenges because of the high level of methane we emit. This gives us an emissions profile much more akin to a developing nation. Notwithstanding that, in the climate change talks, methane is considered just as important as any other greenhouse gas and, as a developed nation, we are unlikely to be accorded any additional leeway in not adequately addressing a significant component of our national profile.

How the 2050 target could be changed

Our conclusion from the document is that a strengthening will be unavailable and should be planned and incorporated accordingly. As noted, there are multiple combinations of how the target could be strengthened, and we concur that it will need to be an iterative process.

Of the approaches available we consider

1. The following are unavoidable for the reasons given:
 - An increase in the net level of emissions reductions.
 - An increase in the level of biogenic methane reductions.
 - The establishment of post 2050 targets that lead to net zero emissions.
2. The following are preferable, and supported:
 - Additional waypoints, such as 2035, 2040, 2045 and new waypoints for action after 2050.
 - New targets for forestry that assist the increased level of ambition.
 - Rules are amended to ensure permanence and additionality.

We consider that the demand for an increased level of commitment could be met in ways that do not undermine Aotearoa New Zealand's existing efforts and do not inflict unacceptable levels of hardship on the economy or communities. One of these is a review of the free industrial allocation for emissions-intensive, trade-exposed industries which we agree is inconsistent with the ETS incentivising net zero long-lived gas emissions by 2050 and is disproportionate to the risk of so-called "emissions leakage". A second is a review of the methane target.

The Commission has assessed that the proposed EB4 commitments will deliver a net positive benefit to the economy *"almost \$2 billion on average each year by the fourth emissions budget period"*. The question then becomes what additional net benefit might be achieved from a relatively modest increase in the rate of transition for Aotearoa?

Methane emissions will have to be addressed to an extent that they have not been to date and possible technological advances are not a sufficient strategy for dealing with this. Whether this is addressed through an increase in the methane reduction target, additional reductions in carbon dioxide or a combination of both, forestry has the potential to assist. The same is true if the timeframe for achieving milestones is shortened.

Without being a preferred, or recommended, pathway the high technology and high systems change scenario illustrates what the impact of a strengthened target might be. The findings show that the economy will continue to grow under this scenario.

The document correctly concludes that some iwi/Māori have significant interests in forestry. With the right settings and the clear signals from Government that the Commission, and the sector, has repeatedly called for we consider that there could be net positive benefits, particularly where the land is marginal and has few other productive options.

Closure

We do not object to the submission being made public. We welcome the opportunity for further discussion and engagement.



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