FOREST OWNERS ASSOCIATION

Submission

On

New Zealand's second emissions reduction plan
Tā Aotearoa mahere whakaheke tukunga tuarua
2026-30

Submission to:
Ministry for the Environment

25 August 2024

Growing Your Future

Contents

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 New Zealand's plantation forests and over 70% of the annual harvest. Some FOA members are also wood processors.

In 2023, the forest growing sector was worth $6.35 billion in export value, and this is expected to decrease to $5.81 billion in 20241 due to a combination of reduced supply and subdued international markets which are not anticipated to rebound. 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. It is anticipated that total export returns for forest products will reach $7.33 billion by 2027[2].

General comments

The FOA appreciates the opportunity to provide feedback on the discussion document for the second emissions reduction plan (ERP2). Government decisions taken on the ERP2, significantly and directly, impact the forestry sector and its ability to play a role in mitigating the impacts of climate change. Even draft advice relating to climate change settings can and has in the past had an impact on investor confidence within the forest sector.

We support New Zealand's ambition towards the net-zero 2050 Target, getting the policies that incentivise emissions reduction right is critical to meeting our Paris obligations and to minimising any future emissions liability. We submit that given global warming is almost certain to exceed 1.5 degrees New Zealand should be more ambitious, we should strive for a net-negative emissions budget.

We support the development of the second emissions budget on the basis of methodological, and significant circumstantial, changes. It is our view that the afforestation rates assumed by the Ministry for the Environment (MfE) over-estimate the rate of planting and we are concerned that the carbon removals that will be critical for later emissions budgets when we approach 2050 will not be able to achieve the carbon removals needed.

We welcome and support the policies set out in ERP2 to incentivise afforestation and boost wood processing, we agree with the governments approach via Pillar 5 of ERP2 that nature based solutions should address climate change. We support statements such as *we are in a strong position to continue removing emissions from the atmosphere through forestry''.* But it is concerning that statements like these are caveated throughout the discussion documents by concerns about rural land *we must also protect high quality productive rural land from excessive afforestation'* (page 27).

FOA concurs with the governments problem statement on the credibility of the New Zealand Emissions Trading Scheme (the ETS). We support policy and regulatory settings that will bring

[1] https://www.mpi.govt.nz/dmsdocument/60526-Situation-and-Outlook-for-Primary-Industries-SOPI-December-2023

[2] https://www.nzfoa.org.nz/images/Facts_and_Figures_2022-2023_-_WEB.pdf

stability and predictability to the ETS, it is hoped that this will restore confidence and encourage participation in the scheme. However, we note that the governments concurrent proposed policy settings on Land Use Capability (LUC) limitations for ETS registration will have the opposite effect, it is this policy setting that is preventing forestry sector investment and suppressing planting rates.

We support the government's proposals to capture carbon removals from other sources. We strongly endorse the application of nature-based solutions to emissions reductions that will offer many other environmental co-benefits alongside carbon sequestration. We urge the government to expediate natural capital accounting systems that monetise nature positive solutions to climate change and we endorse the development of systems for pre-1990 additionality and a biocredit system.

FOA is supportive of investment from the government that promotes native tree planting. It is important that science led procedures to ensure the success of large-scale native tree afforestation are developed. The forestry sector is well placed to support this work.

We submit that government intervention and support is needed in areas of operation that the government has not considered in the ERP2 discussion document such as the affordability of electricity, the cost of compliance and social license constraints via the proliferation of anti-forestry myths.

Strengthening the New Zealand Emissions Trading Scheme

The New Zealand Emissions Trading Scheme (the ETS) remains the cornerstone of New Zealand's climate change response; it is the key policy lever that will drive New Zealand's progression towards a low carbon economy and ensure that our international commitments are met. To encourage participation in the ETS, stability and certainty that gives participants confidence to make commercial decisions for 30 years' time is needed.

We agree with the statement on page 38 '*potential government actions can affect the credibility of the ETS if improperly managed….for example a proposed removal of forestry from the ETS led to a significant price drop'.* Currently 325,000 hectares of the 660,000 hectares of eligible post 1989 forests are registered in the ETS, it is perhaps a measure of the lack of confidence in the ETS that less than half of eligible forests are registered in the scheme.

The consultation document describes the government's approach to restoring confidence and removing uncertainty in the forestry and wood processing sector, it will do this by *'providing regulatory predictability…..* and by *sending clear signals on climate and ETS policy'* (page 38 and 39). Page 25 states *'we will carefully consider any new proposals to reduce emissions or increase removals in terms of how they interact with the ETS. Not doing so may risk developing policies that work at cross-purpose with the ETS and potentially increase the cost of achieving climate targets.'* Any investment requires some confidence that there won't be dramatic changes to the regulatory framework. It's clear that this year there is little confidence in planting which in part is responding to the policy uncertainty associated with the ETS but also in response to other areas of regulatory churn.

FOA submits that the government needs to go further to incentivise forestry than simply restoring credibility to the ETS but also removing costly and onerous forestry policy in other areas. ETS policies cannot be considered in isolation, the government must evaluate the suite of forestry

policies beyond just the ETS that are eroding investor confidence in the forestry sector. Whilst we acknowledge and appreciate the work the government has already undertaken to reduce the cost of compliance such as the removal of the Registered Advisors and Log Traders Bill and the ETS cost recovery proposal, we note that the cost of compliance is continuing to restrict the sector. Regional and local rules are often being developed based on social innuendo and myths not science and evidence, we are finding time and time again that policies without adequate section 32 analysis are being drafted and the sector is having to spend millions of dollars challenging these.

Foresters are struggling with the cost of compliance on many different fronts, the list below demonstrates the compounding impact of the cost to do business:

- Local Council differential rates increases (some in draft) in Waitomo, Wairoa, Upper Hutt, Ruapehu, Southland and potentially others of up 75%. For example, if Upper Hutt's proposal proceeds then if all rates costs were to be amortized over a 33 year period, and assuming simple interest at 8% (not compounding), and a 5% increase in rates each year after year 3, the principal to be repaid amounts to **$644,184.** The expected net return on harvest would be around $160 000.
- Regional plan changes that restrict afforestation. For example, a small group of Canterbury foresters and the Forest Growers Levy Trust together spent $197,000 to challenge unworkable rules proposed by Environment Canterbury's Plan Change 7, a further $99,900 was spent attempting to obtain resource consents which are no longer required as the court found that the plan was developed in the absence of adequate cost benefit analysis. Legal costs are ongoing.
- The first of the regional freshwater plans developed (Otago Regional Council) proposed rules that undermined the commercial viability of forestry in the region. 50m setbacks from waterways would have resulted in an estimated 37% reduction in planted forests, a $320M loss and a $980M ETS repayment liability.
- Proposals to develop a legal harvest assurance system and the requirement to comply with EU Deforestation Regulations will add another layer of cost and bureaucracy to operational costs. FOA understands the Ministry for Primary Industries will be seeking to recover costs for the operation of such systems.
- The new slash rules within the National Standards for Commercial Forestry are difficult to or in some cases cannot be complied with, and are an example of costly and time consuming resource consents that are now required as a matter of routine.
- Foresters in Nelson have recently submitted on proposals to develop a regional pest management plan which sought to enforce wilding tree control within 200m of all commercial forests, mostly including wilding trees which were spread from legacy government plantings.

The extent of involvement in plan development is difficult to estimate in any one year. The list below details the plan developments that one FOA member has been involved with in the first 6 months of 2024:

- Northland Regional Council Draft Freshwater Plan.
- Central Hawkes Bay District Council District Plan.
- Waimakariri District Plan.
- Environment Canterbury, High Court appeal on Plan Change 7.

- Otago Regional Council, appeals and 274 notices to Environment Court on proposed Regional Policy Statement.
- Otago Regional Council.
- In consultation with various regional councils on review of water plans.

Energy

The wood processing and manufacturing industry is a major electricity user. Current electricity prices are challenging the viability of pulp and sawmill processing facilities. Energy prices have increased more than 600% since 2021 from $100/MW/hour to $700MW/hour for the month of August. Price increases of this magnitude are unsustainable. Winstone Pulp International has temporarily paused their operations at their Tangiwai and Karioi sites while they consider the future of these mills, permanent closure is likely. Pulp and sawmills in Nelson, Gisborne and Northland are similarly affected.

The flow-on effect from mill closures is that forest owners no longer have anywhere to send lower grade logs (bin wood/pulp) consequently woody residues have nowhere to go without major economic costs. This increases the potential for adverse environmental impacts i.e. woody debris mobilisation while foresters try to find a way to sell or dispose of the residues. The options for processing logging residues have narrowed such that burning of slash piles at the source may even become necessary. The flow-on effects will be at odds with National's "Forests for a Strong Economy"[3] *'National will manage slash and other environmental challenges with fit-for-purpose regulation that is focused on outcomes'.*

Biomass, fibre and pulp logs are relied on for products such as paper and pulp and also for energy – in some cases wood is used to generate 100% of the energy needs at wood processing plants. Page 55 of the consultation document states that '*Supply of bioenergy is a key constraint'* and we concur. FOA support and endorse the concerns of the New Zealand Wood Processing and Manufacturers Association (WPMA) which are set out in their submission to the ERP2 consultation and the Climate Change Commission (CCC) Review of the 2050 Target. WPMA submit via their members that there will be a future biomass shortage and/or large price increase. The irony that in the short term we have residue unable to get to market, and that in the long term we have a projected shortage of residues, illustrates the need for a more systematic and coordinated policy approach.

Investment in research and development which can find an economically viable way to extract unused forestry residues should be a priority for the government. The forestry and wood processing sector would be supportive of and keen to engage with pilot studies that address this problem.

The affordability and availability of energy will be vital for New Zealand to achieve its climate targets. Some strategic thinking from the government in partnership with the forestry and wood processing sector is needed to drive systemic change that will stabilise electricity prices, ensure biomass supply and utilise low value wood. Without this job losses, supply chain disruptions, regional and national impacts to GDP, environmental impacts, underutilised biomass, carbon emissions via the burning of slash piles and avoided carbon storage (via harvested wood products) are all realistic flow-on effects.

[3]https://assets.nationbuilder.com/nationalparty/pages/18426/attachments/original/1695866984/Forests_for_a_Strong_Economy.pdf?1695866984

Forestry and wood processing

ETS restrictions by Land Use Classification

FOA submits that the governments concerns about excessive afforestation and proposed policies which seek '*to protect highly productive land'* are concerning and unrealistic. The policy stems from the National Parties pre-election forestry policy statement[4] and formed part of the coalition agreement. Specifically, the policy which is now incorporated in the draft ERP2 states:

> *"To protect productive agricultural land, from 2024 National will introduce limits on newly planted forests on converted farmland from entering the ETS. Limits will be based on Land Use Capability (LUC), a measure of land quality:*
> - *For high-quality LUC 1-5 land, there will be a moratorium on whole-farm conversions to exotic forestry registering for the ETS. The moratorium will last for three years.*
> - *For medium-quality LUC 6 land, National will set an annual limit of 15,000 hectares on whole-farm conversions to exotic forestry registering for the ETS beginning in 2024. The annual limit on LUC 6 land will be reassessed on a three yearly basis.*
> - *For low-quality LUC 7-8 land, no limits will be introduced."*

The proposal allows for flexibility with up to 25% of each farm on LUC 1-6 land exempted from the limits.

The proposed restrictions on afforestation will, in our view, lead to a plethora of adverse outcomes. Limiting forestry to hard hill country addresses the cultural issues of farmers seeking to avoid being in direct competition for the better land. But it does not address economic or environmental issues, policy that regards LUC 7 and 8 as the desired location for exotic forests puts forests on land that is very prone to mass movement failure. Off-site slash issues occur when the land fails, and everything on top of it is swept away with it. When forestry is located on less erosion prone land slash is not an issue. Pushing forests onto hard hill country will perpetuate the sectors' social and practical ability to operate. Greater production, better economics and better safety for workers all occur on the gentler hill country, just as they do for farming.

Pushing forestry onto LUC 7 and 8 will likely mean more permanent pine forests. LUC 7 and 8 units are unsuitable for production forestry, there is no capability to harvest. It is inviting a repeat of the issues currently plaguing Tairāwhiti.

We disagree with the government's assumptions that LUC 6 land is highly productive. If comprised entirely of sheep and beef farming it would be uneconomical, this land is best suited to forestry. Most forestry investors target LUC 5 and 6 land for planting. Limiting forestry on LUC 6 land will perversely restrict landowner options to carry out the highest and best use for their land. We believe rural land owners should have the right to make their own decisions.

If the policy is to be operationalised clarification on how the policy would work in practice is needed. FOA is concerned about the lack of detail and clarity provided, we raise the following questions:

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[4]https://assets.nationbuilder.com/nationalparty/pages/18426/attachments/original/1695866984/Forests_for_a_Strong_Economy.pdf?1695866984

A. Proportion of farm that sets the LUC threshold

Very few farms are just one LUC unit. A hard hill country farm could be 10% class 8, 50% LUC class 7, 30% class 6 and 10% class 5 or less. As the majority is 7 and 8, would it be regarded as having no limits? If not, how would the proportioning work?

B. Proportion of farm that is regarded as "whole farm"

Presumably this means the entire area that was previously grassland. In the case where easier country is reserved for grazing, does that avoid triggering this policy, as it is not "whole farm"? If so, what is the proportion that would need to remain in pasture?

C. Mapping scale to be used

The proportions of the LUC units on a farm will change depending on the scale used. LUC standard mapping scale is 1:50,000. The smallest units mapped at this scale are about 8 ha. On-farm scale is usually remapped (by a competent LUC mapper) at 1:10,000 – 1:5,000. The ETS uses a very fine scale to determine which trees are in or out of the scheme. The proportions of each unit would change when mapped at a finer scale. How will these scale issues affect policy implementation and/or be reconciled?

D. Timing and distribution of planting "rights"

When will the limit of 15,000 hectares commence? How will the 15,000 hectares be distributed amongst those who are seeking to plant and obtain ETS registration?

E. How will the 25% flexibility allowance on LUC 1-6 be applied?

We note that LUC 6 is captured by both the 15,000-hectare cap and the 25% farm coverage flexibility rules. Which rule will take precedence, if the 15,000hectare annual cap has been met does this then mean that there is only flexibility to plant 25% of a farm in LUC 1 – 5 land?

F. How will all of these rules be implemented?

Will Tupu ake be the platform that regulates and monitors ETS registration by LUC and if so how much will participants be asked to pay for this? And will this further complicate an already difficult to use system?

G. ETS registration v's afforestation

We note that the policy limits ETS registration but does not mention afforestation. Does this mean that whole farm conversion is still possible if the trees are not registered in the ETS?

Page 76 of the consultation document states *'the governments approach is to restore confidence and certainty in forestry and wood processing. This will unlock the sectors full potential….getting the incentives right for forestry and improving the investment environment for high value wood processing'.* Limiting registration in the ETS by picking land use winners risks consigning New Zealand's 2050 Target to failure. Investor confidence and forestry planting rates have collapsed since this proposal was announced. Restrictions on ETS registration by LUC is exacerbating the very thing the government is trying to correct i.e. stability that incentivizes afforestation and carbon removals.

Perpetuating myths

During the webinar hosted by MfE *'ERP2: Online Emissions Trading Scheme Webinar 2'* presenters referred to the risks associated with the conversion of whole farms to forestry, the negative impact of pine forests on biodiversity was given as an example. We disagree with this statement. The conversion of pasture to forest, whether exotic or any forest type, is a biodiversity gain. 120 native species, often rare or threatened, have been documented inhabiting pine forests. FOA has developed a suite of rare species guides to help foresters manage the interactions of forestry activity with the fauna found commonly in pine forests[5]. Some species, notably insectivores, thrive in pine forests; this is thought to be due to lower rat and stoat abundance given the absence of fruiting trees. Forest Growers Levy Trust is working with the University of Canterbury to confirm whether this is the case. It is important that ill-founded myths such as *'pine forests are a biodiversity risk'* are not perpetuated by government policies, publications and presentations.

Page 79 of the consultation document describes '*the wider undesirable impacts on rural communities and economies'* we disagree with this statement. The forestry and wood processing sector generates $6.7billion per annum and creates approximately 40,000 jobs. Both export earnings and employment are greater per hectare in land that is in production forests[6].

Table 1: Employment and earnings from production forestry and sheep and beef farming

	Area hectares	% of total land	Employees	Exports ($M)	Employees /1,000 ha *	Export earnings/ha
Production forestry	1,700,000	7%	35-40,000	$5,500	20.6	$3,235
Sheep and beef farming	9,600,000	40%	92,000	$10,700	9.6	$1,115

General consultation questions

0.1 What do you think is working well in New Zealand to reduce our emissions and achieve the 2050 net zero target?

We have a mature ETS with general bipartisan support which New Zealand businesses recognise as being a permanent fixture. The Government's recognition that continued afforestation and expansion of the wood processing sector is crucial to achieving the 2050 net zero target.

0.2 The Government is taking a 'net-based approach' that uses both emissions reductions and removals to reduce overall emissions in the atmosphere (rather than an approach that focuses only on reducing emissions at the source). A net-based approach is helpful for managing emissions in a cost-effective way that helps grow the economy and increase productivity in New Zealand.

a. What do you see as the key advantages of taking a net-based approach?

b. **What do you see as the key challenges to taking a net-based approach?**

[5] https://rarespecies.nzfoa.org.nz/

[6] PWC 2020 Economic Impact of Forestry in New Zealand. https://forest360.nz/wp-content/uploads/2021/04/Economic-Impact-of-Forestry-in-New-Zealand-report.pdf

A net-based approach which accounts for both emissions reductions and carbon removals is supported, it will be impossible for New Zealand to reach gross zero carbon emissions. A net approach allows for greater flexibility as we buy time for the development of new tools, such as genetic engineering, which could facilitate greater emissions reductions.
FOA recently submitted to the CCC on the appropriateness of the 2050 Target[7], we reiterate that New Zealand should overshoot and strive for net negative by 2050 and beyond given that limiting global warming to 1.5°C will be unachievable. We are concerned that there is no plan in place for achieving a sustained reduction in emissions beyond 2050. To achieve net-negative emissions in 2050 and beyond carbon removals from forestry are critical.
Agriculture has been slow to reduce emissions, and the pastoral sector has lobbied successfully to block conversion of non-forestry land to forest land use. To buy time for the pastoral sector to reduce their emissions the government needs to remove the proposed barriers for forest land conversion by land use classification.

0.3 The current proposed policies in the ERP2 discussion document cover the following sectors and areas:

- **strengthening the New Zealand Emissions Trading Scheme**
- **private investment in climate change**
- **energy sector**
- **transport sector**
- **agriculture sector**
- **forestry and wood-processing sector**
- **non-forestry removals**
- **waste sector.**

What, if any, other sectors or areas do you think have significant opportunities for cost-effective emissions reduction?

If we are to achieve net-negative beyond 2050 then we need to consider all possible entities undertaking carbon related work. The government should therefore include the conservation sector. Chapter 9 of the consultation document evaluates the feasibility of utilising non-forestry carbon removals *'Removing emissions through non-forest measures, such as wetland restoration, on-farm vegetation, coastal vegetation management and Predator Free 2050'* (page 27). Whilst many sectors will be captured by this proposal, conservation practitioners are well placed to inform community led carbon removal work. And given the government is considering native planting on crown land as an emissions reduction measure conservation practitioners will be a key stakeholder to inform the proposal development.

The building sector should be included in ERP2 given the government is keen to boost the wood processing sector, the value of stored carbon should be recognised and emissions from carbon intensive building products such as concrete and steel should be accounted for.

[7] https://www.nzfoa.org.nz/resources/file-libraries-resources/submissions/2024/890-climate-change-commission-2050-target/file

Our approach to New Zealand's climate change response

1.2 What additional opportunities do you think the Government should consider?

The Government should consider the option of accounting for additional carbon in pre-1990 forestry (both native and exotic), only post 1989 forestry is currently recognised domestically through the ETS. Enhancements to carbon storage i.e. additionality might include management interventions such as browsing pest control, fencing, the addition of fertiliser or other actions which promote forest growth.

Considerable further work will be required to ensure that adequate data is collected and that a system that is both robust and defensible without requiring excessive measurement or significant cost to participate is designed. We note the government led research programme, Maximising Forest Carbon which aimed to '*fund research to link increased carbon storage to forest management actions.'*

Recognising and encouraging additional carbon storage in pre-1990 forests would, in our view, contribute significantly towards carbon removal budgets. Additionality could capture the conservation estate, this could not only incentivise proactive land management but also native tree planting. Recognising additionality would provide many benefits beyond carbon storage, such as biodiversity co-benefits.

All options for additionality should be considered including a non-ETS approach.

The Government should also progress work on the design of a biocredit system for New Zealand, FOA has previously submitted our strong support for a biocredit system[8] and offered to work with the government to run pilot studies. A framework for natural capital accounting will need to be developed we point to the system recently introduced in Australia. Funds generated by the ETS could be used to fund the scheme at least in part. It should be run separately but in parallel to the ETS to avoid further instability and complication.

3.1 What else can the Government do to support NZ ETS market credibility and ensure the NZ ETS continues to help us to meet our targets and stay within budgets?

Refer to our discussion above on pages 6 and 7, the forestry and wood processing sector needs the governments support to reduce the cost of compliance. We need a strong signal from the government that endorses policies and plans that are developed based on science with robust section 32 cost benefit analysis.

3.2 What are the potential risks of using the NZ ETS as a key tool to reduce emissions?

The current trade-only design insulates emitters from the impact of carbon pricing, where they can pass price signals on to their customers. This price insulation, coupled with policies and programmes that soften the price impact on emitters, has prevented more significant investment in low carbon alternative technologies. This has subsequently distorted the profitability of carbon-intensive industries and technologies. It also misses opportunities to solve other problems connected to climate change like climate resilience and biodiversity loss.

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[8] https://www.nzfoa.org.nz/resources/file-libraries-resources/submissions/2023/883-exploring-a-biodiversity-credit-system-for-aotearoa-new-zealand-discussion-document/file

3.3 How can the Government manage these risks of using the NZ ETS as the key lever to reduce emissions?

The government should stop considering (or signalling an intention to) ban exotic tree species from the permanent category of the ETS, both native and fast growing exotic species are important to achieving our carbon removal ambition via whichever forestry model is best suited to the site specific conditions and land owners objectives. We endorse the recommendation by Ekos in their ERP2 submission to amend the definition of the 'Permanent Forest' category to 'Continuous Cover Forestry'. The term Continuous Cover Forestry, when defined as recommended by Ekos, will accommodate a full gamete of sustainable forestry models that can in the very least break even financially. Such models will be key to transitioning and retiring marginal land, especially in regions like Tairāwhiti where environmental constraints including highly erodible soils are exacerbated by increased storm frequency with climate change.

We would also support the investigation of a carbon border adjustment mechanism as the natural next phase of climate policy related to industrial allocation.

3.4 Do you support or not support the Government's approach of looking at other ways to create incentives for carbon dioxide removals from forestry, in addition to using the NZ ETS?
Yes, we need to drive down emissions in multiple industries through a combination of penalties and incentives, including the building industry. As we mentioned in our submission on the Fast Track Amendment Bill, we support using climate and carbon as a criteria for development. This could include initiatives like Building for Climate Change, which incentivise the use of less emissions intensive building materials.

3.5 Apart from the NZ ETS, what three other main incentives could the Government use to encourage removals through forestry?
See previous comments.

3.6 Please provide any additional feedback on the Government's thinking about how to use the NZ ETS to reduce emissions.

How we fund and finance climate mitigation

4.1 Do current measures work well to unlock private investment in climate mitigation?

Current measures have supported some private investment in forestry, but they could work better to support investment in decarbonisation technologies, including wood-based building systems and advanced manufacturing.

We support others who have pointed out that New Zealand could do more in voluntary market development in the private sector to derisk policy or market tools, and public support for these voluntary markets as a laboratory would support that development.

4.2 What are the three main barriers to enabling more private investment in climate mitigation?

As previously mentioned, lack of confidence and volatility in settings have decreased confidence in the NZETS.

The government could do more to facilitate planning for our targets and how sectors could work together to decarbonise – for instance, integration of forestry into agricultural systems, including native forests, and integration of wood into commercial construction, integrated with green steel and concrete. Showing a commitment to a "yes, and" approach rather than an "either, or" competitive approach as the Canadians and other economies have would support innovation rather than competition.

The government also needs to join international partnerships on climate and take measures like implementing a carbon border adjustment mechanism to prevent emissions leakage from other economies and show integrity in our treatment of mitigation in our trade policy. We currently are not a party to several major partnerships like the Forest and Climate Leaders Partnership which would indicate our commitment to climate positive development.

4.3 What are the three main actions the Government can do to enable more private investment in climate mitigation for the next 18 months?

1. Stabilise climate policy as related to the ETS, so investors understand what they are investing in, including any changes to afforestation rules that may be implemented by this government.
2. Produce a clear plan and targets on all forms of afforestation in partnership with the sector that shows a clear commitment and government support for all forms of afforestation. This should include using technologies like LiDAR to improve our inventories and understanding of the forest estate and maintaining that data. Having better forest data for both public and private forests will also enable better adaptation conversations for fire and pest management. Tasmania has used LiDAR across the state for forestry management and canopy cover estimates[9].
3. Show a clear commitment to getting major emitters to decarbonise by supporting private/public partnerships where emitters and industries producing mitigation technologies (including wood based) can work together to plan a low carbon future.

4.4 What are the three main things the Government can do to enable more private investment in climate mitigation in the longer term (beyond the next 18 months)?

Continue to work to stabilise the carbon price and establish longer term plans with business and communities for the future, including modelling on impacts of external shocks on demonstration pathways.

4.5 Please provide any additional feedback on the Government's thinking about how to enable more private investment in climate mitigation for the next 18 months.

Energy

5.8 Please provide any additional feedback on the Government's proposals to reduce emissions in the energy sector and the industrial processes and product use sector

Please refer to our general discussion on energy on page 6 of our submission.

Transport

6.8 Please provide any additional feedback on the Government's thinking about how to reduce emissions in the transport sector

[9] https://researchdata.edu.au/annual-woody-vegetation-grids-tasmania/1893174

The CCC recently consulted on the inclusion of international shipping and aviation emissions in the 2050 targets. FOA endorses Scion's submission on the matter, we are supportive of research and development into biofuels for shipping. We understand that other countries are considering how to capture the emissions from international transport.

Depending on how emissions from international shipping are accounted for the inclusion of international shipping emissions in New Zealand's 2050 target will significantly reduce the level of forestry removals. 54% of total forestry exports went by ship to China in 2022, it is estimated that if international shipping emissions are counted towards New Zealand's 2050 Target the number of available NZUs from forestry removals to offset domestic emissions could reduce by as much as 50%.

Forestry and wood processing

8.1 How could partnerships be structured between the Government and the private sector to plant trees on Crown land (land owned and managed by the Government)?

FOA are strongly supportive of initiatives which promote the establishment of native trees. Approximately 13% of the commercial forestry estate is made up of native forest reserves or wetlands. Forestry practitioners are key knowledge holders in native tree afforestation. We caution the government on the many pitfalls associated with the successful establishment of native trees such as protection of seedlings from browsing pests and invasive weeds, this is further discussed in FOA's submission to the Ministerial Inquiry into Landuse in Tairawhiti[10].

8.2 What are the three main actions the Government could do to streamline consents for wood processing?

Obtaining or renewing resource consents for wood processing sites is costly, time consuming and prohibitive for the sector. It is a significant barrier to realising the stored carbon benefits of long-lived harvested wood products. Resource consents can often take longer to obtain than the construction work will take to complete. We are aware of one wood processor who applied to renew an air discharge consent, the consent took 13 years and $2M to obtain.

The government's recent changes to the RMA (Resource Management Act) including the Fast-track Approvals Bill are a step in the right direction. We refer to FOA's submission on the Fast-track Approvals Bill[11] which includes several suggestions to improve the Bill for wood processors.

8.3 How large should the role of wood in the built environment play in New Zealand's climate response?

We strongly endorse the promotion of wood in the built environment, we submit that many New Zealanders do not make the connection between the embodied carbon in the wood and fibre products they use every day and the positive climate benefits these products represent. A

[10] https://www.nzfoa.org.nz/resources/file-libraries-resources/submissions/2023/875-ministerial-inquiry-into-land-uses-associated-with-the-mobilisation-of-woody-debris-including-forestry-slash-and-sediment-in-tairawhiti-gisborne-district-and-wairoa-district/file

[11] https://www.nzfoa.org.nz/resources/file-libraries-resources/submissions/2024/888-fast-track-approvals-bill/file

promotional campaign which educates New Zealanders on the benefits of embodied carbon is needed.
The government should lead by example, greater uptake of harvested wood products in government buildings is needed.
Carbon budgets from the building sector should form part of ERP2, targets for carbon reduction should be specified.

8.4 What other opportunities are there to reduce net emissions from the forestry and wood-processing sector?
See previous answers on transport.

8.5 Please provide any additional feedback on the Government's thinking about how to reduce emissions in the forestry and wood-processing sector.
We are working with research partners on what models of forestry look like in the future, and would ask the government to continue to support research and development into forestry innovation, which will include net emissions reductions for the forestry and wood processing sectors.

Non forestry removals

9.6 Please provide any additional feedback on the Government's thinking about how to reduce emissions through non-forestry removals.
We support recognition of the carbon removals from restored wetlands and peatlands, and browsing pest control. The forestry sector is already undertaking significant effort in this area. Receiving a monetary incentive from such work will facilitate greater investment in other nature positive projects.

Helping sectors to adapt to climate change Impacts

Overall we would like to see a stronger connection between climate adaptation and mitigation, including, for instance, policy flexibility in the NZ ETS for pre-1990 forests that would allow for species transition where appropriate without incurring a carbon liability. With increasing storm events and climate volatility, we will need to work collaboratively on catchment planning with pastoral agriculture on adaptation and resilience, and will need climate policy to be adaptive as well.

Closure

We do not object to the submission being made public and would like to be heard in support of our submission if the opportunity is available. FOA welcomes any opportunities for further discussion and engagement.

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