

# Submission

On

## **Potential domestic contribution to New Zealand's second Nationally Determined Contribution**

Submission to:  
Ministry for the Environment

9 December 2024

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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 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 2024<sup>1</sup> 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<sup>2</sup>.

## General comments

The FOA appreciates the opportunity to provide feedback on the discussion document Potential domestic contribution to New Zealand's second Nationally Determined Contribution (NDC). The FOA strongly supports emissions reductions through domestic action alone.

## Consultation Questions

1: Do you have any comments on the Climate Change Commission's advice?

Foresters are concerned that action on bioenergy and forestry is not happening fast or purposefully enough. The CCC's advice is clear that benefits will only occur if there is investment in the next 6 years. The CCC notes NZ could fall short of meeting future emissions budgets and momentum needs to increase.

We agree with the CCC's analysis that energy security and affordability is a notable risk to our economy. Wood processing is at the nexus of this risk. Some wood processing facilities are reliant on natural gas and exposed to the risks of fluctuating energy prices. However, bioenergy from wood represents an opportunity to replace coal with lower emissions substitutes like torrefied pellets. Planning and investment in bioeconomic solutions now is critical to NZ's future.

2: What factors should the Government prioritise when setting NDC2?

1 c) Align with the temperature goal of the Paris Agreement (to limit global warming to well below 2°C, and pursue efforts to limit global average temperature rise to 1.5°C)

2 f) Ensure there is a clear plan for delivering the target

3 b) Align with the Global Stocktake recommendations

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

<sup>2</sup> [https://www.nzfoa.org.nz/images/Facts\\_and\\_Figures\\_2022-2023\\_-\\_WEB.pdf](https://www.nzfoa.org.nz/images/Facts_and_Figures_2022-2023_-_WEB.pdf)

The environmental and economic impacts of further temperature rises are a paramount consideration. Ensuring a clear plan includes ensuring the CCC has accurate modelling and demonstration pathways. Aligning with the Global Stocktake ensures NZ coordinates with other economies to maximise impact.

3: What factors in New Zealand's economic outlook should be taken into consideration when setting NDC2?

NZ must first consider the cost of inaction, and then secondly of status quo, when considering the setting of NDC2 – in the next decade, having implemented some mitigations could make our economy more resilient and energy independent.

Finding ways to dampen volatility and secure our supply chains should be key considerations, particularly for energy markets, but also for our commodity-driven primary industries.

Maintaining high rates of afforestation is currently challenging given uncertainty around some policy settings in the ETS and debate about what land is suitable for planting in forests, particularly exotic forests. Clearer government support for forestry will be necessary to ensure afforestation continues to support emissions reductions.

4: What factors do you think are most important for deciding a "fair share" for New Zealand for its NDC2?

For our fair share, foresters would recommend considering NZ's ability to grow forests extremely well and at a high rate. NZ can set a strong target on a net basis including forestry that still recognises our very efficient agriculture systems, that signals our commitment to climate improvement.

NZ also has a global reputation as a Pacific nation that recognises the importance of climate change, and it is important we continue to act on that basis.

There are numerous papers, particularly from Scion, that recognise the potential of NZ developing a stronger bioeconomy – our fair share should include planning for technological and manufacturing innovation that allow us greater use of natural materials and more efficiency in our economy.

5: Should NDC2 be set at a level that is achievable with domestic action only or should it be set at a level that is achievable with a mix of domestic action and international cooperation (offshore mitigation)?

Domestic action only.

## 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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