



Submission on the proposed amendments to the Climate Change Forestry Sector Regulations 2008

New Zealand Forest Owners Association Inc

David Rhodes, Chief Executive, Forest Owner Association

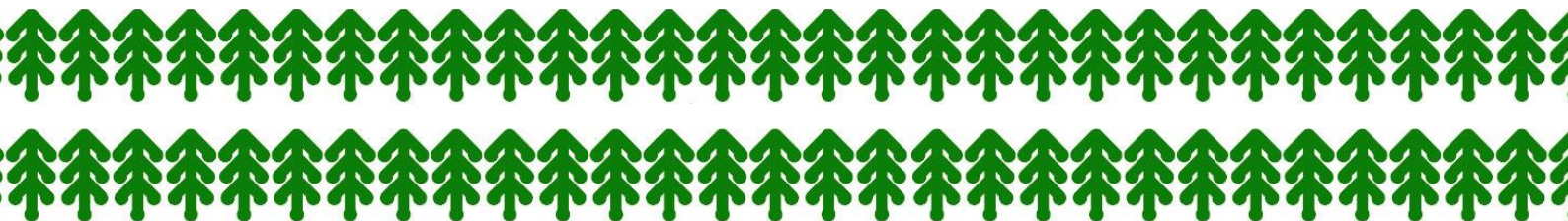
Level 9, 93 The Terrace

Wellington 6143

Tel 04 473 4769

www.nzfoa.org.nz

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INTRODUCTION

1. **The New Zealand Forest Owners Association** (FOA) is an NGO that represents the majority of forest owners in New Zealand. FOA members are responsible for the management of approximately 1.2 million hectares of New Zealand's 1.7 million hectares of plantation forests (65%) and more than 70% of the annual harvest. The Association adds value to the businesses of its members by undertaking activities, which could not be handled easily or efficiently by individual growers working alone. Its credibility also relies on the fact it has the support of the majority of New Zealand's production forest owners.
2. The FOA has been closely involved with the development of the New Zealand ETS and with the international rules development. Forestry was the first sector introduced to the "all sectors, all gases" scheme and thus has a decade of experience to call on.
3. We have submitted previously on the potential for changes as part of the Stage Two review of the ETS which also focused on a number of the issues included in the discussion document 2018/01. The comments here are in addition to, and consistent with, this previous feedback.

OVERALL COMMENTS

4. Overall, we remain of the view that the ETS can be a vehicle to bring about behavioural change and encourage appropriate investment. This requires the system to be as simple as possible and for the rules and policy to be as stable as possible.
5. We welcome the efforts to address technical issues and to streamline the participation of forest owners and reduce risk. The effectiveness of the ETS and the involvement of forestry, will, of course, also be dependent on other policy changes which form part of the consultation later in 2018, including the 'forestry package' and the potential averaging approach.
6. We acknowledge that the government will need to accurately monitor carbon flows and support this being done in an equitable manner. We also acknowledge the government obligations to report against its international commitments but would also point out that the government is not bound to pass on its international obligations through domestic policy. How New Zealand chooses to meet its obligations and set national policy is for New Zealand to determine.

FEEDBACK ON THE THREE SIGNIFICANT PROPOSED AMENDMENTS

Proposal 5.1.1. Deforestation of post-1989 forest land between rotations

7. The FOA notes that in order to avoid being accountable for emissions from post-harvest residual wood a participant would need to carry out deforestation conversion operations (which may need reviewing) or leave the land unstocked for four years as well as remove the land from the ETS. We consider that the number of participants likely to undertake

this would be limited. Furthermore, those participants who have already entered the ETS did so on the basis of this rule that existed at the time. Accordingly, the FOA considers that any such amendment should only apply to those entering the ETS from the point of changes in the regulations.

Proposal 5.1.2. Reduce the need to update participant-specific carbon look-up tables

8. The FOA supports the proposed change to carbon tables to only limit the updating of the participant-specific carbon tables to only the five-yearly mandatory emissions returns.
9. Participants still have the option but not requirement of updating on lesser periods if they consider this is warranted.
10. The FOA agrees that this will reduce costs for both MPI and participants without sacrificing accuracy where it is essential.

Proposal 5.1.3. Allow extensions of time to collect and use FMA information

11. The FOA supports the proposal to allow additional time to complete up to date FMA information by way of a waiver, noting that this does not avoid the existing obligations related to mandatory emissions returns.

FEEDBACK ON THE NINE TECHNICAL PROPOSED AMENDMENTS

Proposal 5.2.1. Simplify carbon accounting

12. Separating the calculation of carbon stock for growing trees from the calculation for harvest residues by making them separate sub areas is supported in order to avoid unnecessary complexity.

Proposal 5.2.2. Areas less than one hectare

13. In principle the proposal to sum and count fragments of deforestation under 1 ha to assess deforestation variabilities is supported on the basis that at a certain minimum 0.1 ha the measurement becomes impractical. FOA supports this proposal as long as such assessment is not applied retrospectively. This proposal should only apply to clear changes of land use and not to temporary gaps in forested areas due to windthrow or establishment failure.

Proposal 5.2.3. More detailed notices on land titles for post-1989 forest land

14. The FOA is not opposed to drawing attention to existing obligations when there is a transmission of interest by including specific wording in the land statues notice including reference to 5192 of the Act but FOA are not convinced this will necessarily improve

compliance within 20 days significantly. MPI may also wish to review the period within what the transferor and transferee must notify MPI and consider extending it.

Proposal 5.2.4. Improve the rounding rules for emissions and removals

15. In principle the objective of achieving greater accuracy are less confusion for submitters and is supported but this needs to also be done in a way that does not increase complexity or cost.

Proposal 5.2.5. Simpler rules for forests with mixed forest species and/or mixed ages

16. The FOA concur that measurement of carbon across the much less common mixed species and/or trees of different ages is significantly more difficult and costly under the current rules.
17. Basing this assessment on the intended predominant forest species and/or age of the intended predominant forest species trades off some theoretical accuracy (given the low adherence) against a much simpler and less costly approach. If the forest matures as intended the accuracy of measurement will be adequate just as it currently is for indigenous forest measurement.

Proposal 5.2.6. Calculating emissions after clearing post-1989 forest land

18. This amendment is related to the changes proposed at 5.1.1. As such, the FOA similarly submits that this should not be applied retrospectively. The FOA is also concerned that this amendment can alter the long-standing and widely understood sequestration and emissions curves for at least some participants (depending on where in the emissions return curve they are). This can mean that the risk-free level of carbon is less than what these participants were relying on. The FOA submits that anyone in this situation should not be penalised by any changes. The amendment proposed here is intended to comprehensibly measure the flow of emissions over time and to take into account emissions related to decay from a previous harvesting period.
19. However, to be consistent the emissions from harvest wood products in future periods should equally be accounted for. As these are entries on opposite sides of the ledger the FOA submits that the change proposed here should be introduced in tandem with any HWP recognition and not before.

Proposal 5.2.7. Field Measurement Approach – allocation of sample plots

20. The FOA understand that the concern here is where the intended predominate species changed from exotic to native, or vice versa, and consequently the sample plot required is no longer appropriate. As noted in the discussion document the instances of change in forest species after harvest at a level that would trigger a change in forest class of land occurs very infrequently.

21. Where it does occur it is accepted that a reassessment of the required number of plots is reasonable.

Proposal 5.2.8. Notification of status of pre-1990 offsetting forest land

22. FOA understands the objective of including the additional land classification of 'pre -1990 forest land under the Climate Change Response Act' is to clarify existing obligations under the Act via registered land status notices. This transparency of land owner obligations is supported.

Proposal 5.2.9. Pre-1990 offsetting forest carbon calculation

23. Inclusion of appropriate wording in the forest regulations to facilitate the calculation of carbon stock from offsetting forest land is supported.

For further information on this submission contact.

A handwritten signature in black ink, appearing to read 'David Rhodes', with a stylized flourish at the end.

David Rhodes, Chief Executive
Forest Owners Association
david.rhodes@nzfoa.org.nz