

Climate Justice Taranaki joint submission on the NZ Emissions Trading Scheme review and redesign of the permanent forest category consultations, August 2023

Climate Justice Taranaki (CJT)¹ is a community group dedicated to environmental sustainability and social justice. This includes issues of inter-generational equity, notably in relation to climate change, which will increasingly impact present and future generations' inalienable rights to safe water, food and shelter, crucial to sustaining livelihoods and quality of life. Composed of a broad range of people with varied expertise and life experiences, CJT has engaged respectfully with government on numerous occasions.

CJT has submitted on several Emissions Trading Scheme (ETS) and forestry related consultations in 2016², 2020³, 2021⁴ and 2022⁵ which together provide much of the basis and rationale of this current submission.

Te Arotake Mahere Hokohoko Tukunga – Review of the New Zealand Emissions Trading Scheme (Quick submission)

1. What is the current NZ ETS going to do to emissions reductions and removals?

Please write your answer here

The current NZ ETS is doing little, if anything, to incentivise emissions reductions and removals.

Is this a problem? Please write your answer here

Through bad design, white-anting and lobbying pressures (e.g. exemptions, over allocations to industries⁶), the ETS despite numerous iterations, have wasted too much time, money and human resources while all along, heavy industries and emitters continue with business as usual, and the impacts of climate chaos intensify.

2. Does the NZ ETS need to be able to drive emissions reductions in transport, energy and waste?

Yes / No / Unsure

Please explain your answer here

The ETS was put forward as the main tool to curb emissions through the market system, at the expense of direct and effective regulations. It was quite clear from the beginning that such a market driven tool would not deliver for common good, and certainly not as the main tool or on its own. Since the ETS has failed to drive emissions reductions in these major polluting sectors over 15 plus years, one ought to ask whether there is any point in keeping it.

An alternative to the ETS is carbon rationing through schemes like Tradable Energy Quota (TEQ)⁷ guided by a strict, shrinking carbon budget. TEQ prioritises household needs and essential public

¹ <https://climatejusticetaranaki.wordpress.com/>

² <https://climatejusticetaranaki.files.wordpress.com/2013/03/cjt-submission-on-ets-feb2016-without-cover-address.pdf>

³ <https://climatejusticetaranaki.files.wordpress.com/2020/01/cjt-submission-on-climate-change-response-ets-reform-17jan20-final.pdf>

⁴ <https://climatejusticetaranaki.files.wordpress.com/2021/09/cjt-submission-on-ets-industrial-allocations-17sep21final.pdf>

⁵ <https://climatejusticetaranaki.files.wordpress.com/2022/04/cjt-submission-on-mpi-managing-exotic-afforestation-ets-22apr22.pdf>

⁶ <https://www.newsroom.co.nz/government-floats-carbon-tariffs>

⁷ <https://www.degrowth.nz/blog/teq>

services over commercial demands, making it a more equitable way of managing energy supply under a drawdown and degrowth scenario as ‘polycrisis’⁸ unfolds.

Moreover, a suite of clear goals and strong legislation and rules are needed to cut emissions, while alternatives are incentivised or supported. Examples include end dates for fossil fuel mining and imports, banning advertising for petrol vehicles and flights, mandatory methane capture at landfills, government funding for public and shared transport, interest free loans to help get households off fossil gas, grants for community composting initiatives, carbon border tax⁹, and many others.

3. Does the NZ ETS need to be able to drive emissions removals from activities like forestry?

Yes / No / Unsure

Please explain your answer here

An effective ETS should generate the incentives and revenue to ensure that emitters curb their pollution by doing things differently or be replaced by companies that operate with zero or much lower emissions, thus driving gross emissions down. The over reliance on offsets (domestic or international) has meant that industries and governments could simply buy their way out of real emissions reductions, further delaying and jeopardising the delivery of our international commitments. Overseas offsetting is particularly risky¹⁰ and often lacks credibility¹¹.

For sure emissions removal activities are much needed but they should not be used as offsets by emitters. The decoupling of emissions removal activities from emissions reduction in the ETS would avoid the demand and supply issues described in the consultation document.

4. If emissions reductions are to be prioritised in the NZ ETS, how could the scheme be changed to achieve this?

Please write your answer here

As mentioned earlier, to effectively reduce emissions, a suite of legislative measures, incentives, and government investments for public good are needed, irrespective of the ETS. It is also essential to create co-governance structures that safeguard the interest of Māori.

For the ETS, the government needs to rapidly phase out free allocation of NZUs to so-called ‘emissions intensive trade-exposed industries’ and tackle stockpiling so that there is an effective sinking cap to drive emissions down.

Of the four options provided in chapter 6 of the consultation document, we believe Option 4: ‘*Create separate incentives for gross emissions reductions and emissions removals*’, has the best chance to effectively reduce emissions. As the document (page 65) explains, “*Because emitters could not use removals to meet their mandatory surrender obligations, the government would be able to control the incentive to reduce gross emissions through unit supply settings.*” If a separate market is created for emissions removal activities such as forestry, then we recommend that only the government would be able to purchase removals units, not private entities.

Moreover, forestry has numerous functions beyond emissions removal. Different incentives and management tools would apply to different kind of forestry to create co-benefits and minimise risks, notably from escalating climate impacts. Our submission on a redesigned NZ permanent forest category elaborates on our thinking.

⁸ <https://theconversation.com/polycrisis-may-be-a-buzzword-but-it-could-help-us-tackle-the-worlds-woes-195280>

⁹ <https://www.npr.org/2023/05/17/1171238285/how-a-european-law-might-get-companies-around-the-world-to-cut-climate-pollution>

¹⁰ <https://www.interest.co.nz/public-policy/120714/new-zealand-may-have-spend-%E2%80%98multiple-billions%E2%80%99-buying-overseas-carbon-offsets>

¹¹ https://www.abc.net.au/news/2022-03-24/insider-blows-whistle-on-greenhouse-gas-reduction-schemes/100933186?utm_campaign=The

A redesigned NZ ETS Permanent Forest Category

Below are our answers for questions 1 to 10.

Question 1: How do you think the Inquiry's recommendations should be reflected in proposals to redesign the permanent forest category?

The Inquiry's recommendations should be thoroughly reflected in the redesign of the permanent forest category. We support the Inquiry recommendations around land use, catchment-base planning incorporating a diverse mosaic of activities, consideration of erosion risks, co-investment in whenua Māori such as grants for high-value and biodiverse land uses, support to equip and transition local workforce, healthy catchments, resilience infrastructure and diversified economy. We do not support the recommendation to improve incentive for slower-growing exotics forests as a permanent category.

We understand that the definition of 'permanent' category relates to plantation forests that involves maintenance commitment for 50 years. This time period is too short considering the permanency to sequester and store carbon from the atmosphere.

Question 2: Do you agree with our assessment criteria for the redesigned permanent forest category? If not, what would you change and why?

Yes

Question 3: Do you think any of these criteria are more important than the others? If so, which criteria and why?

The five criteria should be considered together to give the best, holistic outcomes that suit the local and catchment situations.

We do not accept the supposed trade-off for long-term carbon sequestration to meet climate change objectives through permanent exotic forestry, at the expense of known positive environmental outcomes and cultural values of permanent and regenerating indigenous forests. Information and understanding of carbon stock and sequestration rates by indigenous species and forest types are evolving.

Notably, Tāne Tree Trust research (2021)¹² for the O Tātou Ngāhere programme "*confirms that while radiata pine is faster growing, the carbon sequestration difference between radiata pine and well-managed planted native forest is closer than previously thought...*" The research points out that the current ETS Carbon Look-up table for natives is currently accurate only for naturally regenerating kanuka/manuka shrubland. "*The data also indicates that, while lower than planted native forest, naturally regenerating native forest can still achieve good levels of sequestration over a long timeframe with the inclusion of tree species such as totara, rimu, kauri and kahikatea.*"

Moreover, Paul et al (2021)¹³ showed that "*New Zealand's natural forests are in balance and are neither a carbon source nor a carbon sink... Regenerating forest had an averaged carbon stock of only 53.6 ± 9.4 tC·ha⁻¹ but had a significant sequestration rate of 0.63 ± 0.25 tC·ha⁻¹·yr⁻¹, while tall forest had an average carbon stock of 252.4 ± 15.5 tC·ha⁻¹, but its sequestration rate did not differ significantly from zero (-0.06 ± 0.20 tC·ha⁻¹·yr⁻¹). The forest alliance with the largest average carbon stock in above and below ground live and dead organic matter pools was silver beech-red beech-kamahahi forest carrying 360.5 ± 34.6 tC·ha⁻¹. Dead wood and litter comprised 27% of the total carbon stock.*"

¹² <https://www.tanestrees.org.nz/news-events/articles/carbon-sequestration-by-native-forest/>

¹³ <https://forestecosyst.springeropen.com/articles/10.1186/s40663-021-00312-0>

The cautious approach is well justified given the lack of “*empirical evidence about the long-term environmental and forest management consequences of permanent exotic forests*”. It is acknowledged that the risks of fire, pests and diseases are far greater in exotic monoculture plantations such as pine¹⁴ and eucalypts¹⁵, than in diverse indigenous forests. Another clear lesson is that the costs of the relentless impacts of invasive plant and animal species have been enormous, both environmentally and financially, and continuing.

Question 4: Of these options, what is your preferred approach? Why? Are there other options you prefer, that we haven’t considered? (Note, options 1.2a and 1.2c are not mutually exclusive)

We prefer Option 1.1 “*only transition forests and indigenous forests can enter the permanent forest category*” under the ETS, with several caveats:

We do not support expanding the acreage or planting new exotic forests to become transition forests, although existing exotic forests and those with confirmed investment (under grandparenting or within a grace period) may be accepted as transition forests.

Diversity and ‘right trees in the right places’ are the key. We favour a permanent forest with a diverse range of indigenous species from the locale, catchment or bioregion, rather than just one or two species propagated and planted in monoculture stands at a vast, industrial scale.

There may be circumstances where a predominantly indigenous forest with a few exotics may be acceptable, to support local needs, provided that it is well managed.

Indigenous and transition forests have the potential to support sustainable use of rongoā, traditional foods and fibre, bush honey, exotic fruit and nut, timber, firewood and nature based domestic tourism.

Question 5: If you support allowing exotic species under limited circumstances, how do you think your preferred ‘limited circumstance’ should be defined? (For example, if you support allowing long-lived exotics to register, how do you think we should define ‘long-lived’?)

We can accept option 1.2b which allows exotic forests to enter permanent forestry on Māori-owned land, in honour of tino rangatiratanga under Te Tiriti o Waitangi. However, if the barrier against planting indigenous species is finance, then we urge that the government support Māori land owners financially to remove such barrier.

We can accept option 1.2c which allows small-scale exotic forests on farm to meet local needs (e.g. coppicing woodlots)¹⁶, if they are part of a much larger indigenous or transition forests.

We do not support option 1.2a which focuses on allowing long-lived exotics. We believe the latter will likely dominate the permanent forest category if allowed, because of the more established expertise and investment in the commercial sector. There is also the risk associated with a lack of empirical evidence about their long-terms consequences, as pointed out in the consultation document. It is far better to provide direction and incentives for research, including mātauranga Māori, trials and planting of long-lived indigenous species which offer numerous other co-benefits – biodiversity, cultural and socio-economic – in the long-run.

Irrespective of the category, no clear felling should be allowed to occur on any natural, regenerating or plantation forests. Instead, continuous canopy/cover forestry¹⁷ should be adopted for environmental and economic outcomes. This is consistent with recommendations in the Forestry and Wood Processing Industry Transformation Plan¹⁸.

¹⁴ <https://www.mpi.govt.nz/forestry/new-zealand-forests-forest-industry/forestry-pest-disease-management/pine-needle-diseases/>

¹⁵ <https://nzfoa.org.nz/resources/file-libraries-resources/forest-biosecurity/664-eucalyptus/file>

¹⁶ <https://fodderfarm.co.nz/tag/coppicing-woodlot/>

¹⁷ <https://www.horizons.govt.nz/HRC/media/Media/Land/Continuous-Cover-What-is-it.pdf?ext=.pdf>

¹⁸ <https://www.mpi.govt.nz/dmsdocument/54472-Te-Ara-Whakahou-Ahumahi-Ngahere-Forestry-and-Wood-Processing-Industry-Transformation-Plan>

Question 6: Do you think there is an opportunity to use permanent forests to stabilise erosion-prone land?

May be. But again exotic species should be avoided. In-depth knowledge of the specific locale is needed. Notably, the Ministerial Inquiry¹⁹ pointed out, *“the current Tairāwhiti Resource Management Plan (TRMP) is out of date and urgently needs review... The catchment-focused approach for managing freshwater required by the NPS-FM needs to be mirrored by the same approach to managing land-use activities – particularly for the most erosion-prone land, and for riparian margins around waterways. The establishment of permanent exotic forests in inappropriate locations is of great concern to many in the region and this needs to be addressed in the plan review.”* In addition, better forestry and farming practices could also help to reduce erosion.

Question 7: Do you think the Government should consider restricting the permanent forest category to exotic species with a low wilding risk?

Yes and as mentioned above, we much prefer permanent indigenous forests to exotic.

Question 8: Do you agree with the proposal for a specific carbon accounting method for transition forests? If you disagree could you please provide the reasons why? If there are other options you think we should consider please list them.

No, we do not agree because of the complexity (and yet another change) involved and we do not want to create unrealistic incentives that encourage the establishment of new exotic forests to become transition forests. To support transition of existing exotic forests, we propose that financial aid, loans or in-kind support such as provision of suitable native seedlings and advice be offered.

There is also the possibility of biodiversity credits scheme for indigenous and transition forests that demonstrate success, if the government decides to pursue that.

Genuine transition forestry would create and sustain many jobs, stimulate research and local skills development and economy, in addition to the tasks normally required under indigenous forestry, from seed sourcing, propagation and planting to management against fire, pests, weeds and wilding.

Question 9: If you agree with the proposal for a specific carbon accounting method for transition forests, what do you think it needs to achieve?

No comment

Question 10: What do you think should occur if a forest does not transition from a predominately exotic to indigenous forest within 50 years?

This is an inherent risk, either because there is a failure in ensuring that foresters are doing their job properly, or the exotic species prohibit successful establishment of indigenous ones. This is a main reason why we do not support new transition forests. It is risky and wastes precious time. It would be much better to focus on starting with a diverse range of suitable indigenous species, not only for carbon sequestration, but for restoring biodiversity, ecological and cultural values. The tunnel vision on carbon sequestration is inadequate as we are facing multiple crises which require holistic thinking and solutions that create co-benefits.

The risks of encouraging vast plantation forestry controlled and operated by foreign companies driven by profits include landuse conflicts, threats to local food security, as well as escalating climate change impacts from fire²⁰ to wind, pests, weeds and diseases (Matt et al, 2018)²¹. We therefore favour a network of small to medium sized, protected, regenerating and indigenous plantation forests owned and managed by tangata whenua and local communities who have a genuine interest in the wellbeing of the forests and communities, and are more flexible and adaptable to change and to local needs.

¹⁹ <https://environment.govt.nz/assets/Outrage-to-Optimism-CORRECTED-17.05.pdf>

²⁰ <https://agupubs.onlinelibrary.wiley.com/doi/epdf/10.1029/2022EF002853>

²¹ <https://academic.oup.com/forestry/article/92/1/1/5065106?login=false>

As responsible tangata Tiriti²², it is the right thing to do to protect all remnant native vegetation and wetlands and restore as much of it that has been cleared or drained following colonisation for industrial farming. Provided that there is effective pest and weed control and a seed source from nearby bushes, retired pastures have a good chance of reverting back to indigenous shrublands and forests, with much lower financial costs than plantation forestry.

²² <https://thespinoff.co.nz/atea/06-02-2022/what-does-it-mean-to-be-tangata-tiriti>