**[INSERT GROUP NAME HERE]**

*Submission on the proposals to change forestry settings in the New Zealand Emissions Trading Scheme*

In response to: MPI Discussion Paper No: 2022/02 ‘Managing exotic afforestation incentives’

# Executive summary

To the Honourable Ministers: James Shaw, Stuart Nash, Damien O’Connor, Kiritapu Allen, David Parker, Meka Whaitiri, Willie Jackson, Kelvin Davis

**INSERT YOUR MIHI HERE**

Thank you for the opportunity to submit on the Government’s proposed changes to forestry settings in the New Zealand Emissions Trading Scheme (ETS).

We, [insert name here], submit that:

Our tupuna were promised the undisturbed possession of their forests under Te Tiriti o Waitangi but over years our forests were annexed by Crown supported legislation and policy and so the promise made by the Crown in relation to forests has been ink, dry and empty upon the parchment. We urge this government to enact the intent of recently publicised partnership and co-governance plans by working in with us. Not as supplicants, but as partners worthy and capable of providing a valid yet alternate perspective, respecting the concerns raised that are framed with Te Ao Maori at the centre (as recommended by the CCC), and constructively considering pathways and solutions we propose.

Our vision remains Tangata Whenua; Tangata Wai; Tangata Ngahere: that our shareholders and mokopuna will continue to regenerate alongside our lands and forests.

To this end, an underlying principle guiding our submission that we invite the Government to adopt, are that decisions for our lands and people is intergenerational. This principle forcibly aligns the vision of the government to what is important when it comes to our precious lands and forests; and to the multiple considerations that we all must make for our unborn generations. This principle also aligns New Zealand to the urgency of material change necessary to adapt to a climate crisis. Prudent planning and alignment to the continued rights and interests of our current and future forest owners must be realised through the Climate Change Response Act and the recently introduced pathway to co-governance model tabled by your government.

We urge you to consider Māori as your Treaty partner and treat us accordingly. It is essential that we work with you to design policies and legislation that will achieve our climate goals, meet your Treaty obligations, improve our environmental performance as a country, and advance wellbeing for Māori.

**We submit that:**

* We are opposed to the closing of the permanent exotic category in the ETS.
* Backing Māori in forestry through a climate change response is the right thing to do, is clearly stated as a necessary condition through climate change policy and will benefit Aotearoa immediately.
* Partnership with Māori is critical to a successful climate response and mitigating impacts that we know will be disproportionately unfavourable to Māori.
* Compressed timeframes for engagement and consultation coupled with unawareness of the potential impacts for Māori prohibit meaningful feedback and robust conversation.
* Problem framing is grossly inaccurate and not evidence based. We frame the “problem” with our planet and our people at the centre, not suppression of the forestry industry for the benefit of business as usual in agriculture.
* Government must work in partnership with Māori to co-design climate policies, including forestry, that work for both Māori, and for broader New Zealand. ]

**Our recommendations to Topic 1: Exclusion of Exotics from the Permanent Category in the ETS**

These recommendations are provided in order of priority/ preference. Provision of this cascade should not infer we would be “happy” with anything other than priority #1.

1. Leave the Permanent Category as is including exotics.
2. Vary the category to allow exotics for “Māori Owned Land”.

**Our recommendations to Topic 2: Addition of a Long Rotation Option to Averaging Category**

These recommendations are provided in order of priority/ preference. Provision of this cascade should not infer we would be “happy” with anything other than priority #1.

1. Provide the option to select a rotation length and accrue “average” carbon based on the specified timeframe.
2. Provide bands of rotation length and accrue as above. Preference is for narrower banding.
3. Apply the long rotation (40 year) average category as proposed.

**Our recommendations to Topic 3: Incentivisation of Indigenous Afforestation**

1. Fast track research into indigenous forest biodiversity and carbon values
2. Adopt as proposed

**Our recommendations to Topic 4: Partnership with Government and Compressed Timeframes**

* Fast track research into indigenous forest biodiversity and carbon values – respectfully we request the opportunity to partner or lead this research.
* A thorough review of timeframes and consultation processes employed to ensure the legal and qualitative outcomes are aligned to Te Tiriti, CCRA, and Te Arawhiti guidelines.
* Delay of change to permanent forest category by 12 months to allow time to ensure qualitative outcomes from Māori landowner engagement and ensure a just transition to climate adaptation and community resilience.

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# Ko wai mātou

[Insert group name here]purpose is to:

1. [List purpose here]
2. [List purpose here]

# Position statement

1. [Insert group name here] is committed to…

# Problem definition

1. [Insert group name here] does not agree with the government’s problem definition. Instead, we submit that the issue is **CLIMATE CHANGE MITIGATION** and how we, in Aotearoa, best use our comparative advantages to effect rapid sequestration of GHG’s whilst we enact a bold gross emissions reduction strategies.

With this framing, the problem immediately aligns with an intergenerational lens coupled with a community resilience and welfare requirement as we necessarily change; and mitigate the unfavourably disproportionate impact on our most vulnerable. These considerations are naturally aligned to a Māori worldview.

With a climate change lens, we immediately see the inconsistency between the stated problem definition which is narrow and functionally oriented. Forestry removals and land use change are necessary tools in our adaptation plans, not unnecessary and non‑evidenced based fear-mongering implying land use change to forestry is to be avoided at all costs. And the opportunity cost of the removal of exotics from the permanent category are in the billions to both the Māori, and by association, the domestic economies.

1. In addition to our opposition of the existing problem definition, we take issue with the problem definition proposed by the government. This further supports our position that the problem definition may well be the problem in and of itself given it is the basis for which to provide solutions.
2. *Issue 1: It will drive land use change and displace productive land uses that provide wider economic and employment benefits.*

This necessarily infers that displacement of agriculture (productive land) by exotic species in the permanent category is detrimental to the economy and employment. We note there is no definition provided for “productive land”, yet the economic benefits of forestry described in the RIS clearly show the significant economic growth achievable with permanent exotic forests. The NPV provided per hectare in the RIS clearly show a greater than $45,000/HA variation between sheep and beef farming and forestry. Therefore, if economics are the definition of “productive land” then permanent exotics are undisputedly superior to pasture.

If “productive land” is defined by the environmental benefits, then forests of any species are again far superior to pasture in the ability to positively impact the environment. Whilst there is an opportunity to cite the innumerable research documents that support this assertion, we simply add that carbon sequestration, biodiversity, water quality, erosion control, and cooler more stable microclimates are all significantly improved under forest cover when compared to pasture.

We accept there may be some validity to employment benefits of pastoral farming vs the permanent exotic category; but only where the definition results in a form of “plant and leave”. However, for Māori in the main, “plant and leave” is not the intended direction of travel. We want the option to utilise exotic species to both finance and provide a nurse crop to facilitate transition into indigenous high forest. Not only does this empower Māori with the necessary financing from carbon to establish forests, then provide an ongoing income to support other sustainable land development opportunities, but also an opportunity for direct employment on our land with intentional bespoke management interventions. In addition, there is no consideration to our potential integrated value chain nor the uniqueness with which Māori communities operate. Māori won’t see just the financial benefit of permanent exotic forests as something to be exploited financially as is the inferred “problem”. Māori, through the economic benefits of cashflow will be empowered to further develop and reinvest in land and complementary local community activity with a significant multiplier effect through no leakage offshore, minimised leakage outside the community of origin, and a natural leaning to use wealth from the land, to provide favourable social outcomes for the beneficial descendants. Given the majority of Māori Landowning is in Trust, there is no option but to do this given the shareholding.

1. *Issue 2: It may make it harder to achieve our long-term climate change targets.*

This statement is illogical. Removal of exotics from the permanent category will make achievement of our climate targets more difficult, not the other way around. Forestry removals will help us transition to a low emissions economy, and quick growing exotics can provide some time to do this. However, the government must address emissions reductions at the source (gross emissions) by not allowing polluters to continue to offset. In addition, as we change land use, which is a necessary condition of climate change mitigation, we will also decrease gross emissions ex the farming sector, a double win that provides unmodelled benefits

1. *Issue 3: Widespread permanent exotic afforestation has environmental impacts.*

The sensationalist statements supporting this “assertion” have no basis in evidence-based research. In fact, quite the opposite. We note Minister Nash is on record suggesting all the pine trees will fall over in 90 – 100 years resulting in a “ecological disaster”. This is unfounded headline grabbing that only benefits a political outcome. There is no science supporting this, in fact, Fig 7 of *Hall 2001* referenced in the RIS (for reasons not related to this section) shows the transition of pine into native as it is naturally succeeded by either Totara or Matai forest types. This without any management interference. We accept that as the climate changes, and we continue to experience increased volume and intensity of weather events that there may be an increased risk of localised forest collapse or increased fire danger. However, and again, by comparison to pasture that will certainly be negatively impacted, we submit that forests of any type are preferable to pasture from a risk management perspective.

Once again in rebutting the problem statement (issue 3), there is an opportunity to cite the innumerable research documents that support the assertion that any forest is better than any pasture from an environmental perspective where carbon sequestration, biodiversity, water quality, erosion control, and cooler more stable microclimates are all significantly improved under forest cover.

# Concerns with Timeframes Provided

1. In this section we submit our concerns regarding the compressed timeframes provided by the consultation process.

In the first instance, the creation of the permanent category was only consulted on last year where the feedback was largely supportive of the introduction of this category. Yet, (approx.) 12 months later we are looking to change; again! There is little doubt that if posed as a quesiton, there will be rationale provided for the errors made in the last consultation a year ago, the costs incurred in time and energy to “re-consult”, and the “need” to rush the change. Nonetheless, this change was consultated on and agreed; recently.

In addition, not only are we consulting again on the same main issue (permanent category), but the compressed timeframe 6 weeks to address this change of significance for Maori is horrendously unreasonable and completely unjustifyable. The majority of Maori landowners are only slowing becoming aware of the opportunity the legislative change enacted last year provides, let alone the huge economic and environmental opportunities lost if exotics are removed from this category. By its own admission and consequent actions, the government has acknowledged its lack of information and education dissemination around the ETS with Maori, and is only right now starting (May 22) to address this with regional webinars on the basics of the ETS. So how is it the government is making sure Maori know what is being lost to them with this change, and how effective will this be in 6 weeks. There is no partnership model that can be applied between the Crown and Maori in the Climate nor Forestry space, so how will the Crown ensure Maori are engaged with appropriately in such a short time? The answer is it is not, and Maori have not been provided time, opportunity, nor resource to be able to address this in the time allowed.

Based on these assertions regarding timeframe, and whilst we have not solicited, nor can afford a legal opinion, we submit that procedural breaches have almost certainly occured with a timeframe context, in relation to Te Tiriti, the Climate Response Act, and the Crown process guidelines for engagement with Maori defined by Te Arawhiti.

# Response to the proposals

1. In this section we will be responding to the proposed changes outlined in the discussion document including the predicted impact on Māori if changes were to occur. We believe that Māori would be disproportionally affected by these changes and that our predicted suffering has not been accounted for in the creation of these proposals.

We encourage the Crown to take action in protecting our right to undisturbed possesion of our forests[[1]](#footnote-1) and to advocate for Māori economic prosperity by ensuring equitable policy changes so that Māori are not further disenfranchised by legislative and regulatory change.

## Topic 1: Changing settings within the NZ ETS to remove incentives for permanent exotic afforestation

1. We disagree with the proposal to remove exotics from permanent forest category in the ETS. This is largely based on the reliance Māori forestry has on the permanent exotic category allowing access to economic and social outcomes such as revenue and whanau/hapu/iwi development, coupled with the ability to manage these forests into indigenous high forests.

In summary, we submit that removal of this category has significant impacts for Māori as a sustainable development opportunity due to the financial returns, the alignment of the land that wasn’t stolen from us to afforestation, the environmental benefits of forests over pasture, the integrated social outcomes only Māori can achieve, and the opportunity to recreate the forest cover originally removed from Papatuanuku to make way for farming that is causing the climate emergency we are living through.

1. **Financial Implications:**

Utilising the data ex RIS, the NPV of permanent exotic forests have an NPV of $50,000/HA. Conservatively if we assume a $45,000 NPV differential between permanent exotics and drystock farming (NPV of $4,500 in RIS) and apply to only 5% (80,000HA) of Māori land, that is a staggering $3.6B of NPV opportunity cost to Māori instantly! Furthermore, utilising the information provided by the discussion document, 146,000HA of Māori owned land is identified as suitable (and marginal for commercial forestry), therefore the opportunity cost as clearly articulated by government documents is $6.8B! It is appalling that this government would back such a move to further suppress Māori landowner economic development.

Noteworthy under finance the continued issue that Māori landowners find it very difficult to access capital for development (land can’t be used as security). The government knows this yet continues not to provide an adequate solution nor empower its Treaty partner. However, the permanent exotic category provides access to many joint venture and financing options outside of government that will empower Māori landowners despite the government. Removal of exotics will limit this access to non-taxpayer funded sustainable development of Māori land.

This same problem of being unable to mortgage addresses the concerns of government regarding wholesale land sales and conversion to permanent exotics. Māori land is extremely difficult to sell, even where intended. Intentional sales of Māori lands have historically been very low, and nothing noted here is going to change this behaviour. To this end, the fear the government has regarding land sales and conversion is moot for Māori owned land.

1. **Alignment of Māori Land**

Approximately 55% of Whenua Māori is in forestry[[2]](#footnote-2) this is because 80% of Māori land is LUC[[3]](#footnote-3) 6-8, and much of the land returned through settlement processes are in exotic forestry. In many cases forestry is the only sustainable development option for Māori land due to the physical characteristics of the land. Note here that leasing to the local farmer is not considered development. Therefore our land lends itself to the sustainable land use of forestry. It is agreed that indigenous forest cover would be preferable, however, without clarity on how this would be enabled through government incentivisation and given the costs of successful establishment, there is no future for this aspiration.

1. **Social Enterprise – Economic Multiplier**

There is no consideration to our (Māori) potential integrated value chain nor the uniqueness with which Māori communities operate. Māori won’t see just the financial benefit of permanent exotic forests as something to financially exploit. Māori, through the economic benefits of cashflow will be empowered to further develop and reinvest in land and complementary local community activity with a significant multiplier effect through no leakage offshore, minimised leakage outside the community of origin, and a natural leaning to use wealth from the land, to provide favourable social outcomes for the beneficial descendants. Given most of the Māori Landowning is in Trust, there is no option but to reinvest and distribute domestically given the shareholding of these Trusts.

1. **Exotic Transition into Native**

Despite the assertions of the Minister, there is voluminous research supporting the transition of pine into native. A representative quote of all this research as follows:

“*Our results showed that, even at an ecologically isolated site, the microclimate created by plantation Pinus radiata stands supported a suite of readily dispersed indigenous forest plants. Based on these results we suggest that non-harvest P. radiata stands provide an important opportunity for the restoration of indigenous forest communities in New Zealand’s production landscapes”* (Forbes et al, 2019, NZ Journal of Forestry Science).

With this in background, the majority of Māori landowners want indigenous forests on their land where forest cover is appropriate and the opportunity to monetise is available.

We believe the issues that need to be addressed within topic one include:

1. Acknowledgement of previous regulatory change coupled with a rushed, unengaging, and potentially legal breaching consultation process.
2. Acknowledgement that these proposed changes will further disenfranchise Māori economic growth and social prosperity.
3. Options to alleviate the burden that the proposed changes have on Maori landowners.
4. Clarity on how indigenous forest cover will be incentivised and achieved.

**Our recommendations to Topic 1: Exclusion of Exotics from the Permanent Category in the ETS**

These recommendations are provided in order of priority/ preference. Provision of this cascade should not infer we would be “happy” with anything other than priority #1.

1. Leave the Permanent Category as is including exotics.
2. Vary the category to allow exotics for “Māori Owned Land”.

## Topic 2: Adjusting averaging accounting to remote and marginal land

1. We support the addition of a long rotation category under averaging; however, we would prefer increased options.

Māori lands tend to sit on remote or marginal land, this means that land is often difficult to access or at the extreme, landlocked. The distance and obstacles to transfer wood from forest to processing and ports come with higher costs, similarly the effort and labour to harvest is typically higher. As a result, we support more rotation length options in the averaging category. Our preference would be to nominate a rotation length upon entry into the ETS rather than pick from only two options (for pine).

**Our recommendations to Topic 2: Addition of a Long Rotation Option to Averaging Category**

These recommendations are provided in order of priority/ preference. Provision of this cascade should not infer we would be “happy” with anything other than priority #1.

1. Provide the option to select a rotation length and accrue “average” carbon based on the specified timeframe.
2. Provide bands of rotation length and accrue as above. Preference is for narrower banding.
3. Apply the long rotation (40 year) average category as proposed.

## Topic 3: Incentives for indigenous afforestation

1. We are naturally in favour of indigenous afforestation as Māori own more P90 indigenous forests than any other landowning group outside government.

That said, we continue to advocate that this is a climate issue, not an afforestation one and our concern remains that whilst native is preferable, we don’t see how this will assist our emissions reductions activity sufficiently given the low sequestration rates. Nor do we see how this could be incentivised without substantial taxpayer subsidisation through whatever mechanism devised. However, if the government were prepared to release what these incentives were likely to be, we would happily provide feedback as to the attractiveness of the option to Māori vs the permanent exotic option.

**Our recommendations to Topic 3: Incentivisation of Indigenous Afforestation**

1. Fast track research into indigenous forest biodiversity and carbon values.
2. Adopt as proposed.

# Other Noteworthy Concerns

## Topic 4: Partnership with Government and Co-design

1. [Insert group name here] asserts that true partnership with government, including the co-design of policy and regulation is required.

True partnership needs to occur before and as decisions are made. Climate forestry policy needs specific decisions to be located within a coherent, broader vision and in context for whenua, taiao and tangata. Māori as Tangata Whenua understand this. The ability to relate to land and forests as a system (as opposed to a silo) is in our DNA. The role of indigenous peoples as guardians of land and forests was recognised at COP 26. We invite you to recognise this in Aotearoa. We agree we need to act urgently on the climate emergency, but for policies to be effective and enduring they must be co-designed with Māori.

Partnership in the context of The Treaty of Waitangi/Te Tiriti o Waitangi specifically refers to a partnership that acknowledges the rangatiratanga of Tangata Whenua, Tangata Wai, Tangata Ngahere. (We discuss ahead what a Treaty Partnership with Iwi Māori should look like based on legislative obligations, jurisprudence, and submissions.)

To provide additional context, Māori landowners sit on a continuum from large, sophisticated trust structures that are competent and economically capable, to small landholdings characterised by:

* no material corporate or administrative structure.
* Most have land isolated with areas also being landlocked.
* Lands are owned collectively.
* Will not be able to access bank funding.
* Hold lands likely to have been underutilised for decades.

For Māori land in multiple ownership, decision-makers often face extra challenges that may hinder the ability to meet aspirations for afforesting their land. These challenges are compounded when considering the multi-decade commitment of any kind of afforestation and the intergenerational responsibilities of Māori landowners in a decision-making capacity. Although government support programmes are available for Māori landowners, it is unclear whether these programmes or those that target afforestation more generally, are effective in enabling desired land-use change. We understand uptake by Māori of the 1BT programme was exceptionally low! Assessing programme effectiveness must consider the importance of Māori cultural values such as kaitiakitanga as well as the challenges that Māori generally face when planning land-use investments, such as supporting livelihoods, returning benefits to owners, and managing concerns about retention of land ownership, financial constraints, and legislative uncertainty.

Trust, or more pointedly, lack of trust by Māori of the government after decades of suppressive policy and regulation (unintentional or otherwise) is also a significant factor affecting decision making. These factors combined with the land ownership continuum is a significant factor contributing to a lack of engagement and partnership with Māori over time.

With this section in background and coupled with the concerns noted regarding compressed timeframes we recommend as follows.

**Our recommendations to Topic 4: Partnership with Government and Compressed Timeframes**

* Fast track research into indigenous forest biodiversity and carbon values – respectfully we request the opportunity to partner or lead this research.
* A thorough review of timeframes and consultation processes employed to ensure the legal and qualitative outcomes are aligned to Te Tiriti, CCRA, and Te Arawhiti guidelines.
* Delay of change to permanent forest category by 12 months to allow time to ensure qualitative outcomes from Māori landowner engagement and ensure a just transition to climate adaptation and community resilience.

Conclusion

**INSERT TEXT AS REQUIRED**

1. Under Article 2 of Te Tiriti o Waitangi [↑](#footnote-ref-1)
2. Te Ōhanga Māori 2018 Berl Report [↑](#footnote-ref-2)
3. The spectrum of this classification varries from LUC 6 - ‘slight to moderate physical limitations and hazards under a perennial vegetative cover’, LUC 7 – ‘ severe physical limitations or hazards under perennial vegetation’ and LUC 8 –‘very severe to extreme physical limitations or hazards which make it unsuitable fore arable, pastoral, or commercial forestry use’ [Land Use Capability (LUC) Survey Handbook, 3rd edition (landcareresearch.co.nz)](https://wwwuat.landcareresearch.co.nz/__data/assets/pdf_file/0017/50048/luc_handbook.pdf). [↑](#footnote-ref-3)