

Forestry and Land Management Directorate
Ministry for Primary Industries
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Consultation Response

A redesigned NZ ETS Permanent Forest Category

Submitters

Carbon Forest Services is a specialist consultancy working with forest owners, including farmers, local governments, iwi, and not-for-profits on maximizing value while avoiding the risks associated with the Emissions Trading Scheme (ETS). Carbon Forest Services represents participants in the ETS who collectively own over 40,000 hectares of registered forest.

Permanent Forests NZ endorses this submission. They are New Zealand's leading developer and supplier of premium carbon forest offsets, representing the majority of Permanent Forest Sink Initiative participants. They are a specialist consultancy focused on the management and promotion of premium carbon offsets through the creation and protection of long-lived forests.

Response overview

We are concerned by the options put forward in this consultation. We are also disappointed about the timing of this consultation, which is a repetition of our response to the concurrent consultation about future ETS settings. We believe that any changes to the ETS settings will overshadow the changes proposed in this consultation, which risks making the permanent forest consultation meaningless.

We therefore strongly urge the Government stop both consultations and start again in the following order:

- 1. First, determine what role should production and permanent forests play in the ETS?** (e.g., how many hectares and over what period of time). Engage with stakeholders then publicly consult on the best options.
- 2. Then, design how forestry should participate in the ETS?** (e.g., status quo or separate mechanism). Engage with stakeholders then publicly consult on the best options.
- 3. Finally, refine the permanent forest category** (e.g., design detail of permanent scheme). Engage with stakeholders then publicly consult on the best options.

We also believe any major changes to forestry should not be retrospective. To reinstate confidence in forestry

and the ETS, we strongly urge the Government to immediately announce that changes will apply only to forests registered in the ETS after 01 January 2026 and will not affect existing forests.

Consultation Response

Provided on the following pages is our consultation response. We welcome the opportunity to discuss our submission further with Te Uru Rākau officials.

Regards,



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1. All forest types should be permitted in the permanent scheme

We are concerned with the proposed changes aiming at restricting exotic forests from entering the permanent scheme, considering the environmental and ecological benefits that all permanent forests bring, regardless of tree species. We believe that all forest types should be able to join the permanent scheme to ensure that Aotearoa is able to fully capitalize on the opportunity for permanent carbon sequestration. This is especially important at this time of climate emergency where Aotearoa has repeatedly failed to meet its emission targets.

We also believe that restrictions on forest management should apply for both exotic and native forests and should be mandatory for every participant in the permanent scheme.

We believe that being able to register indigenous forest as permanent without restrictions is potentially damaging, and that pest / weed control should be required. A large portion of indigenous forests registered for carbon sequestration have no management plan and suffer from a lack of investment around pest and weed control, which considerably impacts their carbon sequestration potential. This must be addressed.

We note that this consultation is framing the topic of native forest versus exotic forest in a divisive manner and is focused on the politicization of species rather than the benefits provided by diversity. We highlight that any type of forest, including commercial monocultures, are more beneficial to the environment than conventional agriculture. These include carbon sequestration and biodiversity gains. It is concerning to see options being put forward that would exclude certain types of trees from being registered as permanent purely based on their species.

We also encourage diversity of vegetation within a forest. Diversity of species and age classes within a forest enhance the known and well-studied benefits, including improving water quality, preventing soil erosion, enriching soils, providing habitat and refuge for ecologically significant species, and providing green spaces for communities.

Permanent forests can reliably support their surrounding environments in many ways and stakeholders should be supported by the ETS for the qualitative benefit of carbon sequestration that they provide.

We accept that poorly managed long-lived forests can pose risks, however we believe these can be mitigated through enforced management plans. Below are some examples of what a forest management plan could require:

- The long-term objectives of the forest for a minimum of 100 years.
- Planned long-term operations to achieve objectives e.g., thinning and interplanting.
- Regular reporting milestones.
- Pest and weed control plans and targets.
- Identified risks and mitigation plans.

We also believe that to retain the title of "permanent forest", the permanence should be extended to 100 years. We do not believe the current 50-year timeframe is sufficient, and certainly not enough for the scheme to be referred to as a "permanent" scheme.

2. We are against limiting exotic trees in the permanent category to transitional forests

We reject the proposed changes of allowing only transitional forests to register in the permanent scheme. It is limiting and unhelpful. It is concerning to see such a large focus on transitional forestry when the consultation is uncertain on how to even define or replicate the conditions for transitional forestry on a large scale.



3. We are against limiting exotic trees in the permanent category to Māori land

The consultation proposes an option whereby only Māori-owned land could register exotic forests in the permanent scheme. While we understand the challenges that Māori face around inheriting large exotic forests, we believe this should be addressed outside of the ETS. We believe such proposed changes are divisive and unhelpful. Registering a forest as permanent, or in any scheme, should never rely solely on who owns the land.

