



Te Arotake Mahere Hokohoko Tukunga

Review of the New Zealand Emissions Trading Scheme

Key messages from regional hui

Purpose

This document provides a summary of key themes discussed during regional hui held with Māori as part of public consultation on the New Zealand Emissions Trading Scheme (NZ ETS) review and the NZ ETS permanent forestry category redesign in July and August 2023. Feedback on a proposal for a biodiversity credit system was also sought during the regional in-person hui. However, the feedback received on that proposal is not summarised here.

Common themes

There were regional differences in the feedback received during the hui. This reflects the focus and interests of Māori across the different regions. The differences in feedback received reflected the particular land, forestry or environmental issues in the regions.

Common themes raised by attendees include:

- an interest in how the proposals could affect existing forests in the NZ ETS
- the importance of regulatory and market certainty in the NZ ETS
- a desire to understand the Government's modelling underlying the analysis
- a desire for partnership with the Crown in developing proposals.

There was also significant interest in how the proposals relate to broader Government work programmes – for example, how the proposals would impact on the need to purchase international offsets to meet targets or interact with proposed changes to resource management rules for forestry.

Regional hui

Six regional hui were held between 18 July and 3 August as part of consultation on the NZ ETS review and NZ ETS permanent forestry category redesign. The hui were focussed on receiving feedback on the proposals from iwi/Māori. A hui was also held in Te Tai Tokerau on 10 July between Minister Henare and Ngāti Hine Forestry Trust.

Te Tai Tokerau – Ngati Hine (10 July 2023)

- Interest in options that provide access to international markets to manage NZ ETS supply issues.
- There was concern that the proposals could reduce land-use options and it was considered important that Māori landowner choice is maintained.
- Concerns were raised about the uncertainty that has been introduced by the proposals – both in the forestry and agriculture industries. It was argued that trees were critical to the climate response but proposals risk crashing afforestation.
- Forestry is critical to producing substitutes for fossil-based products but Government needed to work with Māori to realise this potential.
- Crown needs to work in partnership with Māori and Māori need to be able to bring mātauranga into forest management (such as pest control).

Te Whanganui-a-Tara (18 July 2023)

- On the NZ ETS review, it was suggested that the NZ ETS alone won't meet all the Government's objectives for emissions reductions. It was considered that a suite of options outside of the NZ ETS will also be needed.
- It was considered that it seemed premature to change the NZ ETS at this stage and option 1 was suggested as the preferred option (eg, use existing NZ ETS levers to strengthen incentives for net emissions reductions) to solve the supply issue.
- An option was discussed that the Government has not considered. This could include no primary market (eg, no auction), a price floor and potentially a price ceiling for the secondary market.
- On the redesign of the permanent forest category, it was considered that there are lots of different models that can be used for transition forests that need to be tested.
- There was some support for the transition forest accounting model and there was interest in exploring it further.

Rotorua (20 July 2023)

- Attendees were largely opposed to the NZ ETS review proposals and focussed on the significant impact of the proposals on Māori landowners and communities (including impacts of NZ ETS costs on Māori households).
- Some attendees expressed frustration at domestic forestry removals being devalued when international forestry removals will need to be purchased to meet targets. It was argued that New Zealand could sell excess forestry removal units overseas to manage supply.
- It was argued that the agricultural sector needed to play a bigger role in emissions reductions and the NZ ETS (as part of the Government's stated commitment to prioritising gross emissions reductions).
- Despite clear support for transition forests, attendees also largely opposed the proposals for the redesign of the permanent forest category and considered landowners should be able to choose what type of forest they plant (including but not limited to transition forests).
- Attendees requested more engagement and co-design of options with Māori.

Te Tai Tokerau (26 July 2023, online)

- There was concern that the proposals will significantly devalue assets, particularly for Māori land that is only suitable for forestry.
- The group considered whether the oversupply should be addressed through auction supply volumes first and that reducing net emissions should continue to be the focus.
- There was concern that purchasing overseas units to meet international targets will have an impact on cost of living.
- For the NZ ETS review, options 1 and 2 were more in line with attendees' current thinking (eg, use existing levers to strengthen incentives for net reductions and create increased demand for removal activities to increase net emissions reductions).
- For the redesign of the permanent forest category, there was agreement that forest management is needed, but attendees disagreed that exotic species should not be allowed – they considered that these can have a place in the broader picture and it is important that Māori landowner choice is maintained.

Ōtautahi (28 July 2023, online)

- Several attendees commented on the complexity of climate change policy and that the proposals increased this.
- Some attendees commented that they are on both sides of the equation – they support increasing incentives for gross emissions reductions, but at the same time they are impacted by changing values in the carbon market as forest owners. There was also concern about unintended consequences of these policy decisions, particularly on smaller players and communities.
- Attendees were interested to hear more about options that link with international carbon markets (eg, option 2), risks and opportunities for co-benefits, and more detail about how option 3 could be implemented (strengthen incentives for gross emissions reductions by changing the incentives for removals).
- On the redesign of the permanent forest category, concerns were raised about the long-term outcomes of forests after the 50-year term expires (eg, where the category could be used as a long rotation option, then harvest), and ensuring transition forests are successfully managed to transition, as well as interest in how the proposals might apply to pre-1990 forests.

Whakatū (1 August 2023)

- Attendees were focused on incentives for indigenous afforestation and incentives for existing pre-1990 forest.
- Attendees expressed a desire to transition existing exotic forestry on pre-1990 forest land into permanent indigenous forest, to improve biodiversity and environmental outcomes (for example, soil stabilisation).
- The attendees noted that most of the forest land they manage/lease is on pre-1990 forest land so they are unable to earn New Zealand Units which limits the expansion of indigenous afforestation.

Tairāwhiti (3 August 2023)

- Attendees were focussed on issues specific to the region including interest in incentives for indigenous forests and management to improve environmental outcomes and carbon stocks in existing pre-1990 forest.
- Participants suggested that the existing NZ ETS indigenous lookup tables are conservative and stronger incentives for indigenous forests need to be developed.
- There needs to be an acknowledgement of management in existing pre-1990 indigenous forests. The risk from pests in poorly managed existing (pre-1990) indigenous forests was raised and that this presents an opportunity to increase carbon storage.
- Attendees raised the impact of poor land management choices of the past (eg, production forests on sensitive land) and the importance of local decision making for ensuring the right forests are planted in the right place.
- It was considered that there needs to be viable options for forests that can no longer be harvested due to environmental impacts (eg, transitioning these forests to permanent indigenous cover).

