



RUAPEHU DISTRICT COUNCIL

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22 April 2022

To: Managing Exotic Afforestation Consultation
Climate Change Policy
Ministry for Primary Industries
PO Box 2526
Wellington 6140

Subject: **Managing Exotic Afforestation Incentives**

Submission from: Ruapehu District Council
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Council does not wish to speak in support of its submission.

The Ruapehu District ... where adventure begins!



1 ANSWERS TO PRESCRIBED CONSULTATION QUESTIONS

1.1 Section A: What is the Problem?

There are 3 key issues with widespread permanent exotic afforestation...

- 1. It will drive land use change and displace productive land uses that provide wider economic and employment benefits*
- 2. It may make it harder to achieve our long-term climate change targets*
- 3. Widespread permanent exotic afforestation has environmental impacts*

Ruapehu District Council agrees with the Ministry for Primary Industry's description of the problem.

1.2 Section B: Objectives and assessment criteria

The proposed assessment criteria:

- 1. Provides sequestration to meet emissions budgets and targets*
- 2. Supports gross emissions reductions*
- 3. Provides substitutes for emissions intensive products and energy sources*
- 4. Supports regional economies and jobs*
- 5. Supports indigenous biodiversity*
- 6. Provides environmental benefits*
- 7. Supports Māori aspirations for their land*
- 8. Effective, practical and implemented quickly*

Ruapehu District Council agrees with the Ministry for Primary Industry's assessment criteria.

1.3 Section C: What is your preferred option?

The proposed options to manage permanent exotic forestry in the NZ ETS:

Option 1: Status quo: allow unlimited exotic and indigenous registration in the post-1989 permanent forestry category

Option 2: Prevent exotic forestry from registering in the permanent post-1989 category in the NZ ETS

Option 3: As for option two, but with exceptions for exotic species under certain conditions or criteria

Ruapehu District Council's preferred option is Option 3 - Exclude exotic forests from the permanent category with some exceptions.



We prefer this option as it allows for some flexibility with future consideration of how exotic trees can be used to support the decarbonisation of New Zealand. We support the Right Tree - Right Place concept and would like to see amendments to the Resource Management Act 1991 that reflect this, possibly implemented through Regional Spatial Plans. We believe that this policy amendment needs to align with other necessary upcoming changes in legislation to have a holistic carbon emission reduction effect.

1.4 Section D: Designing exceptions

Designing the options to manage permanent afforestation

Option 3 provides an option to allow for exceptions for some exotic species under certain conditions or criteria.

Examples of possible exceptions include:

- *planting for erosion control*
- *planting on remote and marginal land*
- *certain species of exotic trees, e.g. redwoods for sustainable harvest*
- *plantations transitioning from exotic to indigenous forests over time*
- *plantations for regenerative carbon farming delivering indigenous forest over time*

Ruapehu District Council agrees there should be provision for exceptions allowing exotic species to register in the permanent forest category under certain conditions. By giving more effect to the Right Tree – Right Place concept, local knowledge and community perspectives could drive effective and beneficial planting of exotic trees.

Ruapehu District Council acknowledges the view that the suggested exceptions will need to be carefully managed, to avoid unintended outcomes e.g. to avoid the risk of land that could be used productively, such as the strong hill country of our District that may seem marginal to some, but can successfully be used as finishing farms, being deemed “remote or marginal”.

1.5 Section E: Timeframes for bringing in changes

Ruapehu District Council does not wish to comment on this section.

1.6 Section F: Options for introducing exceptions

If we choose option 3...there are two ways we could do this:

- *Option 3A: add the ability to introduce exceptions to the restriction on permanent exotic forests registering in the NZ ETS - via secondary legislation (Regulations)*
- *Option 3B: introduce a moratorium now, preventing any permanent exotic forests registering in the NZ ETS while decisions on exceptions are worked through*

There are a range of ways a moratorium could apply, for example:

- *it could end automatically*
- *it could require a decision after several years to continue (or to end)*



We acknowledge the view that a moratorium may provide some incentive to push the legislative changes through promptly, however our established position is that the Ruapehu District Council supports exceptions by regulations (option 3A), as a moratorium may signal that exotic forest will again one day be part of the permanent forest category.

1.7 Section G: Defining an indigenous and exotic forest

Currently forests are defined by the predominant species present in a hectare. However, forest and species may change from predominantly indigenous to exotic over time. We need to consider how we should treat indigenous forests registered in the permanent category when this occurs.

Options for addressing this:

Option 1: Areas of forest which become predominately exotic are removed from the NZ ETS

Option 1A: Remove the land from the NZ ETS immediately

Option 1B: Allow the land to remain in the NZ ETS but transition to averaging accounting

Option 1C: Provide a time-period for the participant to become compliant again

Option 2: We continue to treat the forest as it was originally registered in the NZ ETS, even if areas change to exotic over time

Ruapehu District Council agrees with Option 1C, as an incentive for landowners to maintain existing indigenous forest. We do not wish to comment on the definition of exotic and/or indigenous forests.

1.8 Section H: Penalties for clear-felling forests in the permanent category

Ruapehu District Council does not wish to comment on this section.

1.9 Section I: Existing PFSI covenants

Ruapehu District Council does not wish to comment on this section.

1.10 Section J: Averaging accounting for remote and marginal land

Ruapehu District Council does not wish to comment on this section.

1.11 Section K: Biodiverse permanent indigenous forests

As part of the Government's consultation on its first ERP, we sought feedback on what is needed to make it more economically viable to establish and maintain indigenous forest on private land.

There was widespread support for more to be done to support the establishment of new and regenerating existing indigenous forests in NZ.

Suggested changes included:

- updating to NZ ETS look-up tables and measurement for indigenous forest species*
- changing the NZ ETS settings to recognise biodiversity value as well as carbon sequestration*
- removing barriers for private landowners to register in the NZ ETS*



- *recognising the importance of browsing animal management to increase or maintain carbon sequestration*
- *investigating whether the NZ ETS could work better for freehold general title land and Māori land*

Ruapehu District Council believes that Government can reduce barriers and incentivise permanent indigenous afforestation through consideration of a policy that provides extra benefits to forest owners wanting to plant permanent, native forests to ensure that they can make a comparable income to plantation farming.

2 ADDITIONAL INFORMATION

Ruapehu District Council (RDC) and its rural communities have been concerned, for some time, about wholesale conversion to forestry by international buyers and large forestry corporations. A lot of farmers are also planting or considering planting areas of their properties based on profitability and climate change drivers and this has exacerbated the issue for rural New Zealand. Farm owners could also be given the ability to establish an exotic carbon section on their land, to solve the issue of marginal land (because farmers know what areas of their land is marginal), which could result in the cessation of whole farms being converted for carbon.

Traditionally forestry planting has historically been on poorer or steeper land, but with the change in market dynamics, better land is now being targeted by the production forest sector, as forestry has emerged as a profitable competitor for traditional sheep and beef farming. Currently demand for domestic building materials and a rapidly escalating carbon price is resulting in a surge in planting of plantation and no rotation single species forest.

Many traditional sheep and beef properties have been generating around \$300-\$400 per hectare, per year of effective Farm Surplus (EFS). Current forestry and carbon numbers indicate EFS of around \$2000 per hectare, per year. This is leading to the current interest in farm or partial farm conversions.

Central Government policy in terms of carbon and climate change, and the implementation of said policies, are taking a toll on rural towns and communities that are struggling to survive as significant land-use changes take place and conversions of whole farms become forestry plantations. Permanent trees are becoming a burden on communities once carbon sequestration has reached available limits.

Rural New Zealand is seeing families leave farms, only to be replaced by pine trees. This is impacting local businesses, economies, schools, and significant health issues for those that experience asthma, hay fever and other respiratory illness often associated with lower socioeconomic groups and Māori. The Ruapehu District statistics in both these areas are higher than the national average, whilst our accessibility to services is significantly lower due to centralisation.

The farming community are great supporters of local business and economies; however, this reduces with each farm that is converted. A high proportion of qualified residents are also beginning to relocate as there is no longer the industry or market to support their choice of employment. These are often younger families, and this is impacting education throughout the Ruapehu District, specifically high schools. The flow on effect of land use change has significant impacts that RDC feels has not fully been investigated by Central Government. In saying all of this, if managed properly



forestry, sheep and beef production and climate change objectives can be met while supporting employment and communities.

The ability to manage this change involves Central Government incorporating the below and RDC is asking that the minister seriously considers this.

- Give more effect to the Right Tree - Right Place concept by amending the Resource Management Act 1991 (RMA). This could be implemented through Regional Spatial Plans.
- Amendments to the National Environmental Standard for Plantation Forestry, to allow Councils to have a Resource Consent regime over Class 1-5 land, as signalled by the Government before the 2020 General Election.
- Amendments to the Emissions Trading regime to better define the Permanent Forest, including, the removal of exotic species from this regime.
- Strategic consideration between the Forestry and Sheep and Beef sectors to allow maximum flexibility of class 1-5 land for future generations.
- Consideration of a Policy that provides extra benefits to forest owners wanting to plant permanent, native forests to ensure that they can make a comparable income to plantation farming.
- Reconsideration of the Overseas Investment Office rules in relation to the ability for overseas investors to purchase farms to turn into non-production carbon sites.

The above will not only allow Central Government to continue on the path to a Carbon Neutral New Zealand, it will also allow for rural New Zealand communities to continue to thrive and prosper well into the future.

