



RUAPEHU DISTRICT COUNCIL

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To: Ministry for Primary Industries
PO Box 2526
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Email: NaturalResourcesPol@mpi.govt.nz

Subject: A redesigned NZ ETS Permanent Forest Category Consultation

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

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Acknowledgement

Ruapehu District Council (RDC) thanks the Ministry for Primary Industries and the Ministry for the Environment (the Ministries) for the opportunity to submit on a redesigned New Zealand Emissions Trading Scheme (ETS).

About Us

The Ruapehu District is a land-locked area covering 6,733km², with a usual resident population of 12,309 (Statistics NZ, Census 2018). Ruapehu is one of New Zealand's largest districts by land area, however, has a relatively small and dispersed population base with one of the lowest resident population densities in the country (0.02 persons per hectare). The Ruapehu District has high levels of socio-economic deprivation compared to other parts of the country.

The Ruapehu District has a strong primary industry sector. It is also a growing tourist destination and enjoys a significant and steadily increasing number of visitors and non-permanent residents each year. The Ruapehu District receives approximately 1.2 million visitors annually, and although the district's usual resident population is lower, the population goes up to approximately 28,000 on our peak day.

Introduction

RDC recognises that forests play an important role in New Zealand's response to the climate change emergency. Forests play a significant role in RDC's local economy, rural communities and to Māori, both culturally and economically. RDC agrees that it is important that the NZ ETS incentivises emissions reduction to meet climate targets but wants to ensure that the type and scale of afforestation is balanced.

RDC also recognises the opportunities the permanent forest category presents to climate change objectives (mitigation and adaptation) and to support Māori in their aspirations on their whenua.

The Ruapehu District has seen a large investment in exotic forestry, including whole farm conversions of productive land in response in large part to the significant increase in carbon price. RDC is concerned that without changes and oversight large scale land use changes may have lasting impacts economically and socially on our rural community.

Due to the lack of empirical evidence of the long-term effects of permanent exotic forest over time we request that the government take a cautious approach in the redesign of the permanent category. RDC would like all forests to be planted and managed in a well-planned manner to minimise potential long-term social, cultural, environmental, and ecological risks. RDC supports the redesign of the permanent forest category and hopes the review will ensure the associated long-term risks of afforestation are balanced and minimise the resulting negative social and cultural outcomes.

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

RDC recognises the need for the ETS to operate cohesively alongside the RMA planning system, including the incoming Spatial Planning Act (SPA) and Natural and Built Environments Act (NBA) to incentivise indigenous and slower-growing exotics and to ensure transition forests are successful through monitoring and management. RDC recognises that forests play an important role in New Zealand's response to the climate change emergency. The ETS is an essential tool required to meet New Zealand's International and Domestic emissions reduction targets and this goal must remain at

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the forefront. RDC requests that the Government factor social, cultural, and environmental outcomes in its decisions regarding the ETS review to minimise unintended impacts of the ETS.

2. Do you agree with our assessment criteria for the redesigned permanent forest category?

Yes.

3. Do you think any of these criteria are more important than the others? If so, which criteria and why? Please explain your answer.

RDC acknowledges that the New Zealand Government has declared a climate emergency and that long-term carbon sequestration is essential for meeting climate targets. The ETS is a tool to achieve these targets; however, RDC urges the Government to consider social, cultural, economic, and environmental outcomes when redesigning the permanent forest category.

RDC supports Māori aspirations and tino rangatiratanga on their whenua. Māori have significant interests in the forestry sector as rangatira, kaitiaki, land and forest owners, workers, and business owners. RDC acknowledges that Māori freehold and Māori customary land is often well suited for permanent forestry as it is often located disproportionately on remote, less versatile land, limiting site accessibility. Māori land can also be held in smaller, fragmented titles, which can make economic use of the land difficult. Prospective carbon revenue from exotic forests in the permanent forest category could provide land development and investment back into rural communities.

4. Of these options (discussed in Section 9), what is your preferred approach?

RDC prefers the approach outlined in options 1.2, 1.2b and 1.2c.

Why? Are there other options you prefer, that we haven't considered? Please explain your answer.

RDC supports Māori aspirations and tino rangatiratanga on their whenua. RDC acknowledges that Māori freehold and Māori customary land is often disproportionately on remote, less versatile land that can be well suited to permanent forestry.

RDC does not support large scale whole farm conversions of productive land into carbon farms. RDC supports small-scale forests planted within and alongside a farm system as an integrated approach. Incorporating trees in areas on farms less suited to food production is identified as a good way for farmers to manage their landscapes and contribute to meeting climate change targets. Prospective carbon revenue from exotic forests in the permanent forest category could provide land development and investment back into rural communities.

RDC acknowledges the need for a balance where farmers can register trees in the ETS but ensure carbon farming doesn't come at the expense of rural communities. RDC would require more information regarding 1.2a to exclude *Pinus radiata* from the permanent exotic forest category as there is conflicting evidence between the benefits of the fast-growing nature of *Pinus radiata* and the environmental issues that may arise due to senescence is currently unknown.

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'? Please explain your answer here.



Again, RDC supports Māori aspirations and tino rangatiratanga on their whenua. RDC acknowledges that Māori freehold and Māori customary land is often disproportionately on remote, less versatile land that can be well suited to permanent forestry.

RDC does not support large scale whole farm conversions of productive land into carbon farms. RDC supports small-scale forests planted within and alongside a farm system as an integrated approach. Incorporating trees in areas on farms less suited to food production is identified as a good way for farmers to manage their landscapes and contribute to meeting climate change targets. Prospective carbon revenue from exotic forests in the permanent forest category could provide land development and investment back into rural communities.

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

Yes. RDC supports the work Horizons Regional Council focuses on in reducing erosion, protecting soil health, and encouraging sustainable use of land including the Sustainable Land Use Initiative (SLUI).

RDC is concerned about the environmental and economic impacts of whole farm conversion to exotic permanent forests planted on highly erodible land. The papa land formation of the Ruapehu may not sustain large unharvested exotic trees. RDC recommends that there needs to be further setback from creeks and streams. Furthermore, a bond could be held by the council or other governing body to ensure that the cost of clearing roads, if required, does not adversely impact ratepayers.

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

Yes. RDC supports the opportunity that the permanent forest category's redesign presents to manage the risk of wilding pines. Wilding pines are beginning to cause issues in the Ruapehu District, and we note with concern that they are causing significant issues in other parts of the country. Restricting the permanent forest category to exotic species with a low wilding pine risk is a good proactive approach to limiting future risk and environmental harm that may be caused by wilding pines.

There are reports in the Ruapehu District that harvested plots of forest surrounded by indigenous forest have not reverted to indigenous regenerated forest as hoped; instead, wilding pines have overtaken natives. RDC would like to ensure that there is planning and monitoring in place to manage these risks.

8. Do you agree with the proposal for a specific carbon accounting method for transition forests?

Yes. RDC supports the incentivisation of transitioning exotic forests to indigenous forests.

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

RDC's view is that a specific accounting method for transition forests needs to incentivise the successful transition from exotic forests to indigenous forests. It should also provide financial security for participants by removing surrender fees and it should address the cost barriers of indigenous planting.



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

As stated above, RDC believes that forest owners should be incentivised to transition exotic forests to indigenous forests. Positive incentivisation and good planning, rather than punitive measures, would achieve a better result. RDC acknowledges the need for new minimum forest management requirements for transitioning forests to ensure they do successfully transition, and RDC looks forward to the Ministries releasing information regarding the design of the regulations in due course.

11. Design Choice 3 — How should permanent forests be managed? Of these options, what is your preferred approach?

Option 3.3.

Why? Are there other options you prefer, that we haven't considered? Please explain your answer.

RDC would like to ensure that large-scale whole farm forests do not become unmanaged plant-and-leave exotic forests. RDC agrees that these forests need to be actively managed to minimise future risks such as wildfire, pests and disease, and weather-related risks to protect enduring carbon sinks and enhance long-term biodiversity. It could also provide added value through job opportunities as part of pest and plant management.

12. If there were to be additional management requirements for transition forests, what do you think they should be for? Why? Please explain your answer.

RDC agrees with the suggestions of managing and/or manipulating light conditions in the canopy, ensuring access to indigenous seed sources and/or enrichment planting. RDC also supports specific monitoring and milestones to ensure the transition occurs and to protect forest carbon sinks over the long-term and help provide ongoing employment opportunities from forest management (through on-site activities such as planting, pest control and thinning, where applicable).

RDC emphasises the need for mandatory indemnity insurance that includes insurance against fire and damage to neighbouring property and monitored pest-control programmes.

RDC suggests a bond held by the council or other governing body to ensure that the cost of clearing roads, if required, does not adversely impact ratepayers.

13. Do you think transition forests should be required to meet specific timebound milestones to demonstrate they are on a pathway to successful transition?

Yes.

Please explain your answer here.

RDC believes that owners of transition forests should be motivated to ensure a successful transition to indigenous forests. RDC recommends that these should be outcome motivated rather than prescriptive.



14. Do you agree with this proposal to allow transition forests to be permitted to clear-fell small coupes or strips to establish indigenous species?

Unsure.

Why? Please explain your answer.

RDC would like further evidence of the benefits and impacts of this before commenting.

15. If forest management requirements are implemented, do you think these should be prescriptive or outcomes-focused?

Outcomes-focused requirements.

Why/Why not? Please explain your answer.

In RDC's view a balanced approach provides regulatory certainty and flexibility for varying geographical locations, climates, and unforeseen circumstances.

16. What are your views on forest management plans?

RDC agrees the forest management plans should be used to implement forest management requirements. RDC believes a forest management plan will assist Councils in ensuring compliance.

17. What should forest management plans include?

RDC agrees that a forest management plan should be appropriate to the forest model and address risk. RDC agrees that these plans should:

- (a) Identify risks posed to the forest and include an appropriate monitoring regime to ensure risk management remains effective through time.
- (b) Include mitigations for risks posed to the forest.
- (c) Stipulate best practice forest management that is appropriate for the forest model.
- (d) Outline timeframes for specific management interventions.
- (e) Consider the proximity to natural seed sources to support forest regeneration (this could support indigenous forests to establish successfully).

18. Who do you think should be allowed to verify and/or monitor forest management plans?

RDC would need further information before commenting on the verification of forest management plans, including if this option is feasible within the current workforce and skillset of New Zealand. RDC supports the service being cost recoverable to ensure that the people receiving the benefit of a verified forest management plan are paying a fair cost for that service.

19. How often do you think forest management plans should be re-verified?

RDC are unsure about how often forest management plans should be re-verified.

20. What do you think should happen if there are not enough people to verify forest management plans?



RDC are unsure what should happen if there are not enough people to verify forest management plans.

21. Do you think the use of existing compliance tools are appropriate?

No.

Please explain your answer.

RDC recommends that the tools used are proportionate and provide a fair and reasonable opportunity for participants to comply as events outside the participant's control may occur; this would need to be accommodated within the compliance regime. RDC agrees that the existing compliance tool needs to be expanded.

22. Do you think there should be new or expanded compliance tools for permanent forests?

Yes.

Which ones and why? Please explain your answer.

RDC agrees with the suggested compliance tool options, including:

- (a) Abatement notices and/or direction notices.
- (b) Withholding units until a requirement is met.
- (c) Moving persistently non-compliant forests to the standard forest category under averaging accounting (instead of deregistering them from the NZ ETS entirely).
- (d) Bonds to ensure forest outcomes are achieved over the forest's life.

23. Are there other compliance options that you think we should consider?

RDC do not wish to answer this question.

24. For the compliance tools you think we should have, when do you think they should be used?

RDC considers the example provided to be a fair and acceptable use of compliance tools. RDC supports the VADE model of compliance, which is similar to RDC's regulatory approach, as outlined in our Regulatory and Enforcement Strategy. The staged approach that focusses on education and making the right information available from the outset is preferable to a more punitive approach.

