



# RUAPEHU DISTRICT COUNCIL

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**To:** Ministry for the Environment  
PO Box 10362  
Wellington 6143

**Email:** [etsconsultation@mfe.govt.nz](mailto:etsconsultation@mfe.govt.nz)

**Subject:** A review of the New Zealand Emissions Trading Scheme

**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!*



## **Acknowledgement**

Ruapehu District Council (RDC) thanks the Ministry for the Environment for the opportunity to submit in relation to the review of the New Zealand Emissions Trading Scheme (ETS).

## **About Us**

The Ruapehu District (the District) is a land-locked area covering 6,733km<sup>2</sup>, 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 removals to meet climate targets but wants to ensure that the type and scale of the resulting afforestation is balanced. RDC also recognises the opportunities the ETS presents to climate change objectives (mitigation and adaption) and to support Māori in their aspirations on their whenua.

The District has seen substantial increased investment in exotic forestry due to significant carbon value increase. RDC is concerned that without changes and oversight, large-scale land use changes resulting from whole farms converting to forestry, will continue to remove productive farms from the Ruapehu economy and threaten the social fabric of small rural communities. Employment opportunities for our rangatahi will decrease substantially and result in lasting impacts economically and socially in our rural community.

RDC is concerned that offsetting emissions is not changing emission reduction behaviour and is counterproductive to climate related goals and targets. RDC would like to see more emphasis on incentivising emission reduction then offsetting.

### **2.1. Do you agree with the assessment of reductions and removals that the NZ ETS is expected to drive in the short, medium and long term?**

RDC agrees that the existing supply–demand dynamic of the NZ ETS is unlikely to be sustainable in the long term.

### **2.2. Do you have any evidence you can share about gross emitter behaviour (sector specific, if possible) in response to NZU prices?**

No specific evidence to share at this time.

### **2.3. Do you have any evidence you can share about landowner and forest investment behaviour in response to NZU prices?**



In response to the significant increase in carbon price the Ruapehu District has seen greater investment in exotic forestry. Productive farms are being purchased to be converted to carbon farms. RDC is concerned that without review and improved oversight large scale land use changes may have lasting impacts economically, environmentally, and socially on our rural community.

RDC is concerned that without review and oversight, these large-scale land use changes will continue to remove productive farms from the Ruapehu economy and threaten the social fabric of small rural communities. Employment opportunities for our rangatahi will decrease substantially and result in lasting impacts economically and socially in our rural community.

#### **2.4. Do you agree with the summary of the impacts of exotic afforestation?**

Yes.

##### **Please explain your answer.**

While RDC understands that forestry is essential in our response to climate change, concern remains that the land-use change in response to the ETS will result in broader social, economic, and environmental impacts in the Ruapehu District's communities. RDC supports forestry that delivers co-benefits, such as focusing on native biodiversity and the integration of trees within farms rather than large-scale plantation forestry. 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 forestry.

#### **3.1. Do you agree with the case for driving gross emissions reductions through the NZ ETS?**

Unsure.

##### **Please explain your answer. In your answer, please provide information on the costs of emissions reductions.**

RDC agrees that driving gross emissions reductions through the NZ ETS could decrease cumulative emissions helping NZ reach future climate targets in the long term. RDC is concerned, however, that the district could be disproportionately impacted by this decision both economically and socially.

Industries highly reliant on energy, fuel and transport costs and thereby identified as high-emitting businesses are usually located in the Regions, including the Ruapehu District. The District has a strong primary industry vital to the District's economy. RDC acknowledges the fact that as the industrial allocation of free NZU's is phased out, high prices could increase the risk of these becoming uncompetitive and moving overseas (described in the discussion document as carbon leakage), which would achieve no benefit for the climate and impact the regions disproportionately through more significant economic and employment impacts. RDC wants to ensure these businesses have the time and technology to transition successfully to a low-emission model. RDC looks forward to the government's investigation of long-term options to address emissions leakage.

RDC identifies that by using the NZ ETS to drive emissions reductions, the Ruapehu District will be disproportionately affected by the increasing household costs, including transport and energy costs which could negatively impact households. The modelling provided as part of the review suggests low-income households could be disproportionately affected through exposure to the rising cost of living due to the NZ ETS. Modelling shows that emission expenditure as a share of household income is significantly higher for low-income households, and lower-income households tend to spend a more significant percentage of their income on products and services affected by emissions prices,



further exacerbated due to the need for many households in our District having to travel for work, school and health reasons. The District has a higher Māori population of 43.4% compared to the New Zealand average of 17.4%. Māori are disproportionately represented in lower-income groups. The District is identified as an area of very high Deprivation; Deprivation is a state of observable and demonstrable disadvantage relative to the local community or nation to which an individual, family or group belongs consisting of material and social aspects, including low-income households. Therefore, RDC supports the need for targeted mitigation to address the regressive effects of emissions pricing, including other regulatory and funding mechanisms outside the ETS to mitigate these significant challenges.

### **3.2. Do you agree with our assessment of the cost impacts of a higher emissions price?**

Yes.

#### **Please explain here.**

RDC agrees that driving gross emissions reductions through the NZ ETS could decrease cumulative emissions however careful balance and mitigations need to be included in decisions to avoid disproportionate negative outcomes on the Regions, businesses and households, particularly low-income households, and to prevent carbon leakage.

### **3.3. How important do you think it is that we maintain incentives for removals?**

RDC acknowledges that incentives for removals must be maintained to meet New Zealand's international and domestic climate targets and budgets and give industries with hard-to-abate emissions time to transition to low-emission models.

### **4.1. Do you agree with the description of the different interests Māori have in the NZ ETS review?**

Yes.

#### **Please explain here.**

RDC agrees with the importance of embedding Te Tiriti in the Crown's climate response. RDC agrees that the impact of the NZ ETS review on forestry opportunities will be particularly relevant to Māori. As rangatira, kaitiaki, land and forest owners, rural communities, workers, business owners and whānau subject to rising living costs, Māori have a specific interest in changes to the design and operation of the NZ ETS.

### **4.2. What other interests do you think are important? What has been missed?**

RDC supports Māori aspirations and tino rangatiratanga on their whenua and understands that forests are important to Māori both culturally and economically. RDC acknowledges that Māori freehold and Māori customary land is often disproportionately on remote, less versatile land that can be well suited to forestry. RDC understands that there will be a significant financial impact on some Māori businesses because of changes suggested in the ETS review, and these financial impacts need to be managed appropriately.

### **4.3. How should these interests be balanced against one another or prioritised, or both?**

To achieve an equitable transition for Māori, the Government needs to:



- (a) Prioritise Māori interests.
- (b) Reduce existing barriers to Māori participation.
- (c) Avoid creating new inequities in its climate response.
- (d) Include Māori perspective, knowledge, and aspirations in shaping the ETS and the decision-making process.

#### **4.4. What opportunities for Māori do you see in the NZ ETS review?**

RDC recognises sustainable economic development opportunities that could contribute to job creation, investment, and community development. Māori values, practices and knowledge can be integrated into the NZ ETS review, including traditional ecological knowledge, indigenous biodiversity, and protection of wāhi tapu sites.

**If any, how could these be realised? Please explain your answer.**

A commitment to fulfilling opportunities for Māori through the ETS review, including ongoing engagement and the flexibility to adapt to evolving needs, technology and aspirations.

#### **5.1. Do you agree with the Government's primary objective for the NZ ETS review to consider whether to prioritise gross emissions reductions in the NZ ETS, while maintaining support for removals?**

Yes.

#### **5.2. Do you agree that the NZ ETS should support more gross emissions reductions by incentivising the uptake of low-emissions technology, energy efficiency measures, and other abatement opportunities as quickly as real-world supply constraints allow?**

Yes.

#### **5.3. Do you agree that the NZ ETS should drive levels of emissions removals that are sufficient to help meet Aotearoa New Zealand's climate change goals in the short to medium term and provide a sink for hard-to-abate emissions in the longer term?**

Yes.

#### **5.3. Do you agree that the NZ ETS should drive levels of emissions removals that are sufficient to help meet Aotearoa New Zealand's climate change goals in the short to medium term and provide a sink for hard-to-abate emissions in the longer term?**

Yes.

#### **5.5. Are there any additional criteria or considerations that should be taken into account?**

RDC does not have any additional comments at this time.

### **Chapter 6: Options identification and analysis**

#### **6.1. Which option do you believe aligns the best with the primary objectives to prioritise gross emissions reductions while maintaining support for removals outlined in chapter 5?**



RDC would require further information and advice to comment on this question, as implications of all the options and their combinations are broad and involve positives and negatives factors within each option. RDC looks forward to further consultation on these options.

**6.3. Of the four options proposed, which one do you prefer?**

RDC Would require further information and advice to comment.

**6.4. Are there any additional options that you believe the review should consider? Why?**

RDC Would require further information and advice to comment.

**6.5. Based on your preferred option(s), what other policies do you believe are required to manage any impacts of the proposal?**

RDC Would require further information and advice to comment.

**6.6. Do you agree with the assessment of how the different options might impact Māori?**

RDC Would require further information and advice to comment.

**7. Broader environmental outcomes and removal activities**

**7.1. Should the incentives in the NZ ETS be changed to prioritise removals with environmental co-benefits such as indigenous afforestation?**

Unsure.

**Please explain here.**

RDC supports increasing the levels of indigenous afforestation through incentivisation but agrees that on the modelling provided, enabling investment in indigenous forests to be profitable and comparable in profitability to exotic forests will likely require further supporting policy beyond the NZ ETS. RDC recognises opportunities to increase indigenous forests through transition forests and supports continued research in this area.

**7.2. If the NZ ETS is used to support wider co-benefits, which of the options outlined in chapter 6 do you think would provide the greatest opportunity to achieve this?**

RDC would need more information before commenting, as all options have positive and negative implications.

**7.3. Should a wider range of removals be included in the NZ ETS?**

Yes.

**Please explain here.**

RDC supports consideration of recognising a wider range of forms of sequestration such as pre-1990 natives and wetlands (either through the ETS or other mechanisms) and valuing these types of sequestration, as they also deliver wider environmental outcomes, such as biodiversity.



**7.4. What other mechanisms do you consider could be effective in rewarding co-benefits or recognising other sources of removals? Why?**

RDC would require more information and advice to comment.

