



## Aide memoire: Background for Forestry-ETS Stakeholder Dinner at Carbon Forestry Conference

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Actions sought from ministers	
<i>Name and position</i>	<i>Action sought</i>
To Hon Simon WATTS <b>Minister of Climate Change</b>	For noting only

Appendices and attachments
1. Appendix One: List of attendees at event

Key contacts at Ministry for the Environment			
<i>Position</i>	<i>Name</i>	<i>Cell phone</i>	<i>First contact</i>
Principal Author	Jessica Bensemman		
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General Manager	Mark Vink	021 176 2243	

# Background for Forestry-ETS Stakeholder Dinner at Carbon Forestry Conference

## Purpose

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1. This aide memoire provides information to support your attendance at a dinner with ETS Forestry stakeholders on 20 August in Rotorua as part of the Carbon Forestry Conference.

## Background

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1. Christina Hood, Head of Climate Compass has set up a dinner for you to meet with a range of ETS Forestry stakeholders after day one of the Carbon Forestry Conference.
2. The stated purpose of the event is “to bring together key experts on ETS market operations, climate policy, commercial forestry, and conservation, to exchange perspectives and understand each other better.”
3. Appendix One provides information on the invited attendees.
4. Two topics for discussion during the dinner have been proposed from the invite and this aide memoire provides you with background on each topic and some talking points.

### **Topic One: Perspectives on the government’s proposal to restrict forestry registrations in the ETS.**

#### ***Background***

5. The National Party “Reducing Agricultural Emissions” manifesto committed to introducing restrictions on whole farm conversions to exotic forests registering in the ETS.
6. The manifesto details the proposed policy which includes:
  - i. A moratorium on land use capability (LUC) classes 1-5
  - ii. An annual hectare limit for LUC class 6 of 15,000 ha
  - iii. A 25% exemption to the above restrictions to encourage farmers to continue to plant trees on any parts of their farmland that are unsuitable for agriculture
  - iv. Meeting any Treaty settlement obligations regardless of the new limits
7. The public has had limited access to the details of this policy through the manifesto and in the Forestry chapter of the draft second emissions reduction plan.
8. There is a large amount of public interest in this policy, from the forestry sector, the farming sector and ETS market participants.

9. 9(2)(g)(i)

the Minister of Forestry has clarified in correspondence and meetings with the forestry sector the proposals are not intended to apply to existing investments.

### **Talking points**

10. The ETS is the Government's key tool in tackling climate change, creating a credible market will allow the scheme to achieve its purpose.
11. As part of a credible market the Government has committed to no major changes to how the ETS operates and recognises the key role forestry has in meeting our emissions targets and budgets through a least cost net strategy.
12. The ETS has created an incentive for land use change within New Zealand to exotic forestry. This Government is interested in ensuring the right balance between farming and forestry for our rural communities, our environment, and our economy.
13. The National Party "*Reducing Agricultural Emissions*" manifesto and the draft second emissions reduction plan have outlined the proposed policy to prevent whole farm conversions to exotic forests from registering in the ETS.
14. The objective of the proposed policy is to protect high quality agricultural land and limit whole farm conversions to exotic forestry.
15. This is proposed to be achieved through use of the Land Use Capability (LUC) classification system at the point of ETS registration.

### **Potential questions for the group**

16. What do you think is the right balance between farming and forestry land uses in New Zealand?
17. How do you see the LUC classification system working for ETS registrations?
18. We have heard the distribution of the annual hectare limit will be particularly important for certainty for the sector. What are your views on how that could best be done?
19. What direction do you think the ETS and NZU price needs to take to best support achieving our emissions targets and budgets?
20. What complementary policies or lack thereof would best support increasing your confidence in the ETS market?
21. Do you think the ETS currently incentivises the right balance of forest type: production versus permanent and exotic versus indigenous?

## Topic Two: Solutions for transitioning Tairāwhiti to sustainable land use, including the role of the ETS

### Background

22. Cyclones Hale and Gabrielle caused significant damage to people, land, property and infrastructure in the Tairāwhiti-Gisborne and Wairoa districts in 2023.
23. Following public calls for an inquiry, the Ministerial Inquiry into land uses associated with the mobilisation of woody debris (including forestry slash) and sediment in Tairāwhiti-Gisborne and Wairoa districts was announced in February 2023.
24. The purpose of the Inquiry was to describe the history of land uses associated with the mobilisation woody debris and sediment in the Tairāwhiti-Gisborne and Wairoa districts, and to make recommendations about the further work needed to address impacts of land use and severe weather events.
25. 9(2)(f)(iv) [REDACTED]

### Talking points

26. The Inquiry report is clear that the fundamental outcome sought is a shift to sustainable and resilient land uses in Tairāwhiti-Gisborne and Wairoa. The response to the Inquiry therefore aims to achieve the following outcomes:
  - i. Effective clean up in the short term to accelerate recovery, facilitated by collaborative action across local government, iwi, hapū, landowners, industry, and communities. Actions related to this have included:
    - i. Standing up a Woody Debris Taskforce
    - ii. Providing funding assistance to Gisborne District Council (GDC) and Hawke's Bay Regional Council (HBRC) (for Wairoa) to undertake a flood-capacity assessment to identify and fix critical risks to river flood-flow capacity.
  - ii. Sustainable land use that meets the current and future needs of the environment, communities and iwi, hapū, and landowners. Actions related to sustainable land use, include:
    - i. Providing funding assistance to GDC to support their current plan change workstreams relating to forestry.
27. Budget 2024 also includes several recovery and resilience commitments, including funding for state highway and local road recovery works, funding to support community resilience (temporary accommodation services, flood protection works, restoration of cultural assets, removal of woody debris and sediment), and funding to better support emergency preparedness.
28. These outcomes are intentionally high-level to provide both sufficient direction and flexibility in how they are achieved. Agencies have worked with local partners to achieve them, in a way that is locally led and centrally enabled and that reflects the unique biophysical nature of the regions and the needs of the affected communities.

***Potential questions for the group***

29. What role do you see the ETS having in ensuring afforestation is designed to best deal with extreme weather events?
30. What role do you see in the ETS supporting the reestablishment of forests in Tairāwhiti?

**Additional ETS policy information**

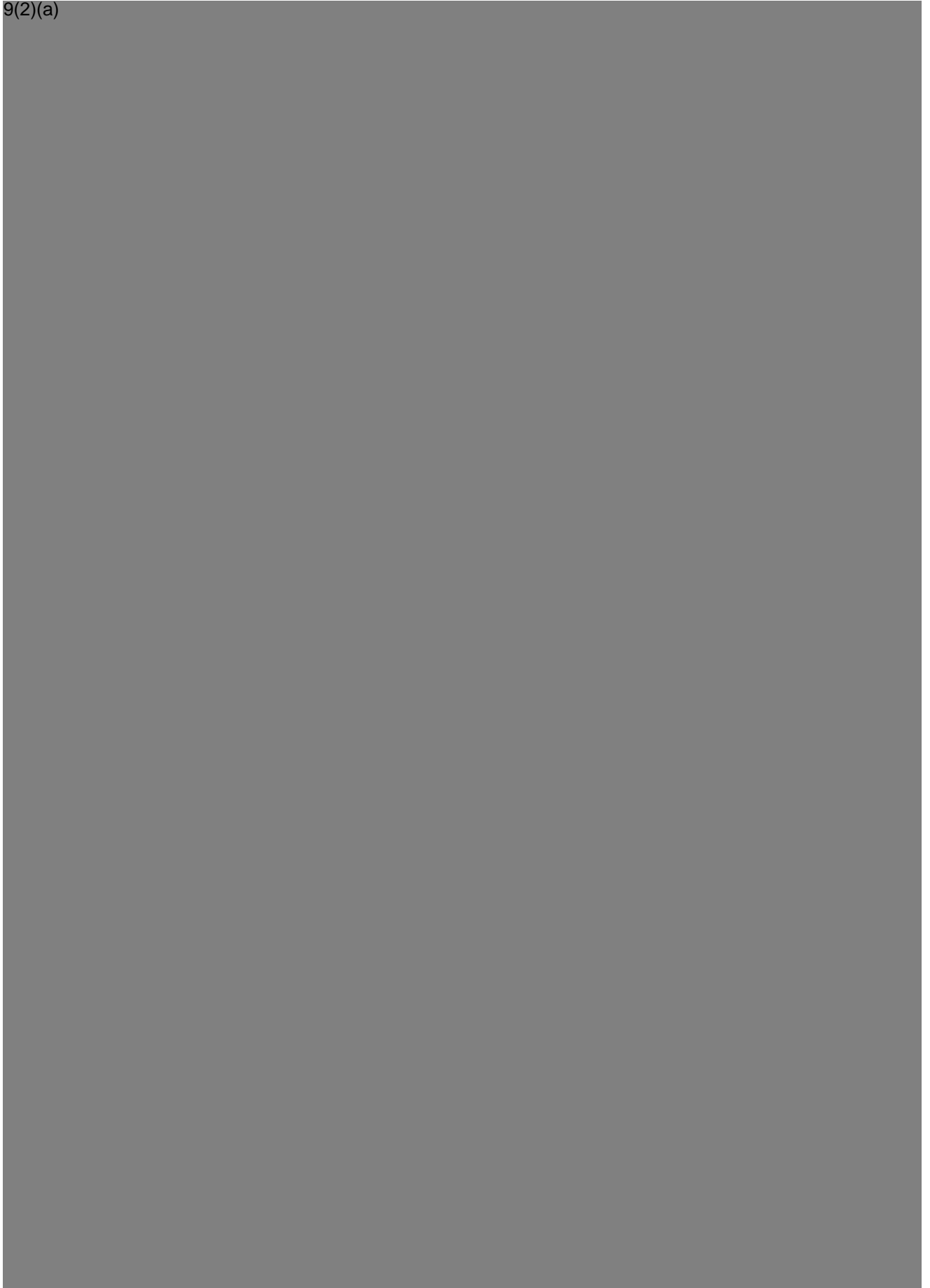
**ETS unit settings**

31. On Monday 12 August, Cabinet Business Committee made decisions on updating NZ ETS settings. Due to this decision being highly market-sensitive, we will provide talking points to your office on NZ ETS settings separately to this briefing, later this week.



## Appendix One: Attendee list for the event

9(2)(a)





9(2)(a)





9(2)(a)

