

27 April 2022

*Managing exotic afforestation incentives consultation,
Ministry for Primary Industries,
PO Box 2526,
Wellington 6140*

DairyNZ Submission: Managing exotic afforestation incentives

DairyNZ welcomes the opportunity to provide feedback on proposals affecting forestry and the New Zealand Emissions Trading Scheme.

Executive Summary

DairyNZ supports the principle of 'right tree, right place, for the right purpose'. We endorse an integrated landscape approach, where land use and land type are matched, and natural resources are utilised within environmental limits. We support the use of permanent exotics where they are best matched to the land-type.

DairyNZ supports the problem statement, large scale blanket afforestation of exotic species is not a desirable outcome for rural communities, the environment, our economy, or long-term climate goals.

However, the proposal of banning permanent exotics is a band aid, not a solution. Time needs to be spent to develop the right policy tools, such as standards/exemptions for the permanent exotic category, and/or using a land use regulatory regime (e.g. the Resource Management Act, National Policy Statement). DairyNZ encourages the Government to take a systems approach across multiple regulatory tools, to effectively manage the problems identified with permanent exotic afforestation.

DairyNZ supports a moratorium for the inclusion of exotic species in the 'Permanent Post-1989' category of the NZ ETS, in place for at least two years (1 Jan 2025). This time will provide Government with the time to develop policy tools to mitigate risks associated with permanent exotic afforestation, and the opportunity to align with the He Waka Eke Noa Partnership (specifically, on-farm sequestration).

Introduction

DairyNZ is the industry good organisation representing all 11,000 of New Zealand's dairy farmers. **Our purpose is to provide a better future for farmers by enhancing their profitability, sustainability, and competitiveness.** The dairy sector employs 50,000 people, generates \$50b in export revenue, and comprises one third of all goods revenue.

DairyNZ is committed to dairy farming playing its part in transitioning to a low emissions economy alongside the rest of New Zealand, while still supporting rural communities and maintaining a profitable and sustainable sector. We understand the role that afforestation has in meeting New Zealand's climate change targets, but we strongly support the principle highlighted by the Climate Change Commission's advice that New Zealand cannot plant our way out of climate change.

DairyNZ broadly supports limiting blanket permanent exotic afforestation of productive rural land. We support the principle of 'right tree, right place, for the right purpose' and support the use of permanent exotics where they are best matched to the land-type.

A blanket ban on permanent exotic afforestation does not deliver outcomes in line with 'right tree, right place'. DairyNZ encourages the Government to take time to develop the right policy tools to deliver outcomes best suited to rural communities and New Zealand's emissions reduction pathway.

We also note the plethora of related policy issues scheduled for consultation in the coming months. Government must understand linkages between these issues when designing policies to ensure that farmers are not overwhelmed with uncoordinated government regulation that impacts the same set of rural stakeholders. Our famers want policies that are aligned, practical, and implementable.

DairyNZ Recommendations

Support the problem definition of current incentives for permanent exotic afforestation.

Note reductions in gross CO₂ and N₂O emissions are required to meet New Zealand's long-term climate targets. Forestry offsets and reductions in short-lived greenhouse gases cannot be used to offset reductions in all-important long-lived gases.

Support the criteria for managing permanent exotic afforestation, specifically criterion 2 and 4 (supports gross emissions reductions, and supports regional economies and jobs).

Support exceptions for exotic species to register in the permanent forest category as a possible solution to issues associated with permanent exotic afforestation, while noting adequate time is required to develop the detail.

Support the use of land use planning (e.g. Resource Management Act) as a possible solution to risks/issues associated with permanent exotic afforestation.

Do not support the 1 Jan 2023 timeframe for implementation. Adequate time needs to be spent to develop policy settings that deliver outcomes best suited to rural communities and New Zealand's emissions reduction pathway.

Support the introduction of a moratorium for at least 2 years (1 Jan 2025), to prevent permanent exotic forests registering in the NZ ETS while policy/regulatory tools are developed.

Support the inclusion of longer rotation averaging for exotic forests planted on marginal land.

Support recommendations to incentivise indigenous afforestation.

Seek improved alignment with He Waka Eke Noa, specifically the Partnership's work on on-farm sequestration and Nature-based Solutions.

Topic 1: Proposals to change the forestry settings within the NZ ETS to remove incentives for permanent afforestation

Question 1: Do you agree with our description of the problem? Why/Why not?

DairyNZ agrees that current eligibility settings of the permanent post-1989 category would drive mass permanent afforestation of productive land, and harmful long-term implications for the New Zealand economy and environment.

We agree that the high price of New Zealand Units means that carbon forestry would provide more economic returns than other rural land uses. This would drive land use change and displace productive land that provides wider economic and employment benefits. Permanent exotic forestry contributes less export earnings and fewer jobs to the economy, this would be damaging for rural communities.

The impact on community wellbeing and climate resilience must be front-and-centre of policy decisions as we transition to a low emissions future.

We agree that, in the short-term, incentivising mass exotic afforestation contributes to New Zealand's emission reduction targets at low direct economic cost. However, current settings for permanent post-1989 category do not align with the principle in the Climate Change Commission's advice, *Ināia tonu nei*, that we cannot plant our way out of climate change. DairyNZ agrees that current incentives will make it harder to achieve New Zealand's long-term climate change targets, as it will not drive the gross reductions needed in the all-important long-lived gases (CO₂ and N₂O).

We support this logic when assessing New Zealand's emission reduction pathway. New Zealand cannot take short-term wins at the expense of meaningful reductions in long-lived gases. We would like to see this logic applied to the emissions reduction pathways for short-lived gases. Government policy should reflect early reductions in methane do not buy time to get CO₂ to net zero and that the key determinant of final temperature stabilisation is cumulative CO₂.

In addition to the issues identified in the problem statement, DairyNZ would like to highlight the following risks with large-scale permanent exotic afforestation:

- Increased risk of fire due to a lack of management requirements and a warming climate.
- Loss of local employment opportunities.
- Changes to catchment waterflow dynamics impacting on freshwater health and users.
- Increased pest and weed incursion due to a lack of management.

- Biodiversity threats due to pest and weed dominance.
- Reduced community cohesion and resilience due to lack of human involvement in land stewardship responsibilities.
- Severely reduced land-use flexibility.
- Reduced incentive for carbon emitters to reduce, rather than offset, their emissions.
- Lack of land stewardship obligations for carbon forestry land users.
- Lack of consistent evidence and experience that guarantees the transition of exotic forest plantings to native regeneration.

Question 3 - Do you agree with our criteria for managing permanent exotic afforestation? If not, what would you change and why?

DairyNZ supports the criteria for managing permanent exotic afforestation, specifically criterion 2 and 4 (supports gross emissions reductions, and supports regional economies and jobs).

We seek to ensure that rural voices are heard when designing settings to incentivise afforestation, in line with the principle of 'rural proofing'¹. We welcome further communication with MPI to facilitate conversations with dairy farmers and rural communities.

Question 4 and 5 – Should we provide for exceptions allowing exotic species to register in the permanent forest under certain conditions?

DairyNZ supports exceptions for exotic species to register in the permanent forest category as a possible solution to issues associated with permanent exotic afforestation.

To see the benefits that permanent exotic forests can provide we also need to manage the risks. The proposal of banning permanent exotic afforestation does not account for the role of permanent exotics in an integrated landscape while effectively managing these risks.

Time needs to be spent to develop the right policy tools to manage these risks. This could look like standards/exemptions for the permanent exotic category, or alternatively it could look like using a land use regulatory regime (e.g. the Resource Management Act, National Policy Statement).

¹ [Rural communities at heart of all decisions | Beehive.govt.nz](https://www.beehive.govt.nz/news/rural-communities-at-heart-of-all-decisions)

DairyNZ supports the principle of 'right tree, right place, for the right purpose'. We strongly support allowing exceptions for permanent exotic afforestation that align with this principle, and support wider environmental and community outcomes. For example, exceptions for permanent exotic plantings for erosion control, flood protection, stock shade/shelter, or permanent exotic plantings on marginal land.

We have heard consistently from our farmers that they value simple and integrated regulatory solutions. We encourage Government to take a systems approach to addressing the issues associated with permanent exotic afforestation, and consider land use planning (e.g. Resource Management Act) to help alleviate issues from exotics as an alternative to exemptions/standards.

All work to develop exceptions and/or land use planning framework should be co-designed with farmers and landowners². We welcome further communication with MPI to facilitate conversations with dairy farmers and rural communities.

Question 7 – What is your preferred option?

DairyNZ supports Option 3b, to introduce a moratorium to prevent permanent exotic forests registering in the NZ ETS while policy/regulatory tools are developed. We ultimately support the inclusion of permanent exotic forests that meet the principle of 'right tree, right place, right purpose'.

We are concerned that the detail of any conditions/standards could not be effectively written and tested in time for the inclusion of permanent exotics on 1 Jan 2023.

A moratorium should last for at least two years (1 Jan 2025). This time will provide Government with the time to develop policy tools to mitigate risks associated with permanent exotic afforestation, and the opportunity to align with the He Waka Eke Noa Partnership (specifically, on-farm sequestration).

There must be transparency on timeframe of the moratorium, and process for developing exceptions and related regulatory frameworks to provide certainty to landowners and stakeholders. This pathway must be clearly stated, and pragmatic or farmers will not be set up to succeed.

² [Rural communities at heart of all decisions | Beehive.govt.nz](https://www.beehive.govt.nz/news/rural-communities-at-heart-of-all-decisions)

Topic 2: Averaging accounting for remote and marginal land

DairyNZ is broadly supportive of a long-rotation category for exotic plantation forests. We have limited views on the length of a 'maximum' rotation and encourage further engagement with submitters on this topic.

Topic 3: Feedback on opportunities for improving incentives for indigenous afforestation

Question 26 - Do you have further feedback on how the Government can reduce barriers and incentivise permanent indigenous afforestation to ensure we deliver long-term resilient, biodiverse forests?

DairyNZ supports the recommendations to incentivise indigenous afforestation.

Particular emphasis needs to be placed on ensuring an effective supply chain (from nursery to forest) and removing workforce barriers. Many farmers struggle to obtain native plantings due to issues within the supply chain, and then face a shortage in professional services to assist with afforestation.

There is also a shortage in professional services to assist with farm/forestry planning. Government needs to ensure that the right tools are available and accessible to overcome knowledge and business planning barriers.

DairyNZ supports the recommendation to align incentives with wider work on pest management and valuing biodiversity.

He Waka Eke Noa has a strong focus on incentivising indigenous afforestation and promoting active ecological management of indigenous forestry (e.g., pest management, weed management, stock exclusion). We implore MPI to work closely with DairyNZ and the He Waka Eke Noa Partnership to develop a Nature Based Solutions approach and incentivise wider biodiversity and climate outcomes. We welcome further conversations with MPI to ensure that this work is aligned.

Contact

Thank you once again for the opportunity to comment on managing exotic afforestation incentives. Please do not hesitate to contact Sophie.MacAskill@dairynz.co.nz if you have any queries regarding this submission.

Submission ENDS