

Submission on Proposed Amendments to Climate Change Response Act 2002

28 September 2018

The Māori Carbon Foundation (MCF) is a Māori led company, focused on creating value for New Zealand landowners through permanent carbon forestry. Our core objective is to grow intergenerational value by providing returns and delivering an asset to the landowner with significant long-term value. We do this by planting trees to sequester carbon credits, creating jobs and investing and improving wellbeing in Regional New Zealand. Our beliefs are that Māori can lead the conversation and the action on climate change.

Our values are

- Kaitiakitanga: Our duty to care for our world
- Rangatiratanga: The power of self-determination, and
- Whaioranga: Our right to make progress

We welcome the opportunity to make a submission on the proposed amendments to the Climate Change Response Act 2002, both in terms of the proposed forestry and the general ETS settings.

MCF strongly supports the proposal to create a new category of forestry in the ETS, permanent carbon forestry. As Māori we take the long-term view and our focus is on encouraging landowners to think about the sustainability of their land holdings and to extract maximum benefit from extensive permanent forest planting in terms of employment, injection of resources into local communities and the long term financial benefits that will come from the forecast growth in demand for carbon credits that will result from emitters in New Zealand and the world seeking to fulfil their emissions reduction obligations.

The key settings we support when establishing this permanent forestry category are:

- the use of carbon stock accounting, as this ensures our people are recognised completely and accurately for their contribution to climate reduction,
- the implementation of a price floor, so landowners can have certainty when contributing their land to permanent carbon forestry that the economics will be such that their land will be planted and they will receive a return. This appears to require a floor to be put in place of \$20t CO²e¹,
- if there is an adverse event that impacts the forest, as long as replanting occurs, there should be no liability faced by the landowner
- Offsetting is allowed for permanent forestry, regardless of the accounting methodology adopted.

¹ Based on \$15 figure provided by Bruce Manley, School of Forestry, to MPI 2016, and estimated minimum price \$20 provided in discussions with forestry businesses. This upper price reflects inflation and includes the regulatory settings risk premium foresters put on planting investments.

We do not support:

- Any proposed policy action that seeks to manage the price polluters pay is unacceptable. This benefit would be provided at the cost of our landowners and communities. We cannot support subsidising polluters as they continue to pollute, when we are facing a 4 °C future with more extremes in temperature, storms and other adverse weather related events.
- Having our landowners penalised excessively if they must exit the ETS. The proposal is to require not only the repayment of the credits they have received but also have a multiplier added. This multiplier is inequitable when it is proposed that rotational foresters can exit by just repaying the credits received
- Any settings that result in our landowners being penalised for decisions made by others, such as rotational foresters gaining all value in one rotational of 20 years with thereafter no other value being realizable from the land or regulators limiting values or not recognising long term contribution to emissions reductions
- Having our rights limited in anyway in terms of where we sell our credits. Particularly we seek to sell our credits both domestically and internationally and be the sole deciders regarding the market we select to sell in.

We have no comment to make regarding proposed the settings in this consultation that seeks to attract rotational forestry investment into Aotearoa. We however do ask that the government ensures any actions taken or settings put in place do not restrict the long-term value that can be generated from the land.

We are excited about the difference permanent carbon forestry planting will make to the environment of Aotearoa, to our communities and for our people both now and for future generations.



Sir Mark Solomon
Chairman
Māori Climate Foundation

