

F1. What do you consider are the strengths and weaknesses of the NZ ETS forestry settings?
Dichotomy between pre-90 and post-89 land is arbitrary. Pre-90 forest land is now considerably less valuable due to deforestation liability.

ETS settings are constantly being tinkered with by government which makes management of future risk and opportunities difficult.

F2. Do the NZ ETS forestry settings discourage deforestation? If not, what settings do you think would? Yes

F2A. Please explain your answer but only if NZU price is greater than about \$5/NZU.

F3. Do the NZ ETS settings incentivise afforestation and replanting? If not what settings do you think would?
Unsure

F3A. Please explain your answer

The ETS is not currently incentivising afforestation as landowners see the risk of entering the scheme as too high. This may change if there was more confidence that the scheme would continue with predictable future demand from emitters.

F4. Does the NZ ETS provide effective incentives for smaller foresters to participate in the scheme? If not, what settings do you think would? Unsure

F4A: Please explain your answer

There are incentives but risk and return is highly dependent on future Government policy.

F5. Does the NZ ETS work well alongside other forestry programmes? If not, how do you think these programmes could be better aligned? Unsure

F5A. Please explain your answer

F6. What changes could be made to NZ ETS forestry sector provisions to improve the scheme?

F7. What are important factors when considering changes to forestry accounting settings in the NZ ETS?

F8. Do you think a different forestry accounting approach in the NZ ETS would change the scheme's incentives for afforestation? Unsure

F8A: Please explain your answer

F9. Do you think averaging should be introduced for post-1989 forests? If so, why? Unsure

F9A: Please explain your answer Too little detail about how it would work and at what resolution.

F9B: Do you think it should be optional or mandatory?

Optional. Averaging would disadvantage pure carbon forestry and planting on marginal land where there is no incentive to harvest.

F10. Should there be limits on the types of forests that can use an averaging accounting method? For example, new forests only or forests under a size threshold. Unsure

F10A: Please explain your answer

F11. How might averaging impact on your business decisions?

Current settings would discourage harvest of economically marginal forest. Averaging would not.

F12. Do you think deferred liability for emissions from Harvested Wood Products (HWPs) should be recognised domestically? If so, how? Yes

F12A: Please explain your answer

Accounting of HWP could be straight-forward if averaged at a national level. Determining usage would be difficult for export logs. Radiata logs are reused overseas multiple times, so at what point are they assumed to cease to exist?

F13. How might the options for deferred liability for emissions from HWPs impact on your business decisions? Accounting for HWP would improve the economics and might encourage further planting.

F14. Do you have any other comments or things you think are important?

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