Submission

to

Climate Change Consultation Contribution
Ministry for the Environment
PO Box 10362
Wellington 6143

Email: climate.contribution@mfe.govt.nz

New Zealand's post-2020 climate change contribution
Under the United Nations Framework Convention on
Climate Change

Geoffrey W F Thompson

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This submission is made by the writer in his personal capacity as an investment forester for over 45 years. He is not submitting as chair of the Forestry Growers Levy Trust the pan forest growing industry organisation but its sponsors NZFFA & Forest Owners Association will be doing so.

A. Forestry has been acknowledged for many years as a key contributor in New Zealand’s climate change response. This is repeated in the consultation document but some important features of the plantation forestry industry need to be factored into the response.

B. Introduction

Forestry is made up of three groups.

(a) The corporate foresters – largely foreign owned for investment/pension purposes. They collectively have forest estates totalling some 1.2 m hectares. The FOA represents them.

(b) The Investment foresters – largely private investors through small group partnerships, companies etc owning small forests (under 1,000 ha) and totalling about .6m hectares.

(c) Amenity forestry – many farm foresters and alternative species growers, participation for pleasure rather than being profit driven, and belonging to NZFFA.

C. Corporate foresters replant on harvest and maintain their forest estate. These groups will continue to harvest about 20m tonnes per year and only one representative, Earnslaw, seems to be undertaking new planting.

Investment forestry will have a very big impact on the climate change response in the next 20 years and if forestry is to provide the emission reduction benefits expected for New Zealand in that period, policies need to change.

D. The Investment Forestry Dilemma

Investment forestry is not truly represented by either of the forestry associations. It developed quickly in the 1970’s and 1980’s as a result of the then Government agencies offering Encouragement Grants and advice to new foresters to establish small scale forests. Planting accelerated in the early 1990’s when export prices were good and investors were attracted, by returns that offered pension options. New planting reached 98,000 hectares one year under the leadership of then Minister John Falloon. These forests are now entering the harvest planning phase but the outlook is generally disappointing and I expect most investors will not be interested in another crop or extending into new planting.

The reason is largely the erosion of the net return from harvesting. The external demand for our pinus radiata crop is good but the price fluctuates. Domestic demand which uses about one half of the harvest is steady but the price is influenced by the export price. The problem is the steady rise in the cost of harvesting, from compliance, roading, harvesting prices and transport. This rise is squeezing the return out of many mature forests, especially those some distance from port or mill or in difficult terrain. Investment foresters need an additional reason to participate. At one point the Emission Trading Scheme to trade carbon units offered that reason and exceeded $20 per NZU but the market that price was destroyed when the Cabinet succumbed to lobby pressure from Business NZ and to effectually remove an unwelcome cost to business allowed dubious international carbon units to be imported and used for emission surrender. As our market operates on a supply & demand basis (topped at $25 per unit) the price for forestry produced NZUs dropped by 90%.

The ETS with that change made by Cabinet does not work as it was designed – to use a market price to effect behavioural change. Prior to the market change the ETS was reviewed and found to be supporting a fair contribution to international climate change debate – but not now.
E. The 2030 Target

Forestry, subject to some change to the rules on measurement and accountability will continue to be New Zealand's best option to mitigate emissions. Therefore new planting of 20-30,000 hectares per annum from 2016 must be prioritised. That will offset the harvesting and modest replacement of the 1980's Investment Forests.

New Zealand should continue to invest in renewable energy and work on the prospects for widespread bio fuel projects. The problem with bio fuel is that its sources, especially wood waste, are too distanced from plants to effect the conversion. However, wood waste is another value of forestry in addition to the eco-benefits of forestry in providing erosion control, fresh water filtering, bio diversity and imaginative timber and resin products.

In responding to the Discussion Documents questions I respond:

Q.1 Objectives:

The list is rather pedestrian and inoffensive. I support as objectives:

- a determination to be ambitious reducing GHG emissions and lead small developed nations by example
- recognise that our "clean green" brand has huge international trading and tourist value and would be enhanced by promoting an ambitious target.

Most importantly we should be seen as responsible and fair as well as ambitious.

Q.2 The Nature of NZ’s emissions

I have confidence that science will produce solutions to reduce the effect of biological emissions. Until some clear solutions are in place farmers should not be penalised for the emissions of their animals. They contribute now through fuel and energy costs.

Essentially biological emissions should be eased into the ETS so farmers can adapt over time – say 5 years transition period.

Q.3 Level Cost

The change of behaviour needed to adopt low carbon options requires a market level of cost to be imposed on both households and industry. Based on the modelling I think a household impact of $1,200-1,300 per annum is acceptable.

The bogey of industry and farming being driven off-shore is overplayed, especially if the international efforts to reduce emissions become more effective.

Q.4 Opportunities

This has been dealt with in the opening commentary especially with reference to encouraging more planting of new forests.

Q.5 The Future

A remarkable feature of the 20th and 21st Centuries is the acceleration of the pace of change in society. New technologies are being discovered and introduced at a greater pace and we should be confident in achieving breakthroughs - especially in relation to biological emissions, in a reasonable time.

Outcome

I think our INDC should be 20% below 1990 emission levels or a net basis by 2030.