

An Open Letter to the Media and all MP's

Dear members of parliament and members of the media,

We, the New Zealand Institute of Forestry (NZIF), represent the professional foresters of New Zealand. Our organisation comprises experts trained in the science of forest management across all types of forests and species. We write to you today to express our deep concerns about the future of forests and forest investment in our country. It is crucial we bring attention to the cumulative impact of recent decisions, which have far-reaching consequences for all New Zealanders.

Firstly we are troubled by the government's disregard of the previous advice of the Climate Change Commission (CCC) regarding ETS auction settings. This decision has led to a reduced price for NZUs and failed government auctions, creating a significant financial burden of at least \$0.5 billion on the government. Ignoring the CCC's advice undermined the potential of forestry to contribute to New Zealand's climate change targets. Consequently, we are unlikely to fulfill our commitments, necessitating the costly purchase of overseas units to honour our international pledges, impacting every taxpayer.

Secondly, we are concerned about the Climate Change Commission's draft advice to restrict new planting, which appears to be influenced more by the media and political pressure than by sound science. These proposed actions swing the pendulum too far, resulting in planting rates falling below the required levels outlined in their own budget. This failure to meet our commitments will have significant implications.

Furthermore, both the National Party and the Labour Party have recently introduced measures which will limit new planting and creates an atmosphere of uncertainty. The National Party proposes afforestation limits of 15,000 hectares and a three-year moratorium on forestry on farms, while the Labour Party introduces council consenting of afforestation. Both of these initiatives will lead to reduced new planting, far below the CCC's minimum requirements. Consequently, we will fail to meet our carbon reduction commitments, requiring additional expenditure on overseas units by the government. Our estimate is the cost to the NZ public for the purchase of units overseas which will no longer be grown here will be around \$3.5b over the next 3 years. Money better spent on our education and health vote.

Lastly, the Ministry for the Environment (MfE) has recently released a consultation document on ETS changes with four proposed options. All of these changes will result in decreased planting, particularly options 3 and 4. It is concerning the MfE aims to address the same subject as the ongoing consultation by the Climate Change Commission, even before the latter's consultation has concluded.

The cumulative effect of these actions is dire:

1. Forestry's potential to contribute to New Zealand's climate change targets has been severely undermined, with projected planting in 2024 and 2025 significantly reduced and approaching zero, leading to job losses throughout the sector.
2. Investor confidence in forest investments has plummeted due to the prevailing uncertainty.
3. The ability to achieve the Industry Transformation Plan is compromised, resulting in a failure to add billions of dollars in value to the New Zealand economy.
4. The market for approximately 100 million forestry NZUs currently in the register has been devalued and weakened. The value and tenure of these units are now uncertain, particularly due to the presentation of options 3 and 4 in the consultation document. This uncertainty affects not only investors but also Iwi, thousands of individual New Zealand investors, farmers, and forest owners.



5. New Zealand falls further behind its climate change targets, necessitating increased spending on overseas carbon credits by the government. This misallocation of taxpayer funds could be better utilised to foster domestic forest investment and a more productive industry, including diversified farming and carbon revenues. Retaining capital within the country should be a priority for any government.
6. The need to purchase overseas credits contradicts the Climate Change Commission's advice to prioritise gross emission reductions over offsetting.

We note planting new forests on farmland provides 75% carbon offsets and 25% gross farming emission reductions, making it a superior option compared to many other planned emission reduction strategies.

It is crucial to acknowledge while New Zealand should strive for gross emission reductions, our Paris target is net emissions and this must be met in the most cost-effective manner possible. The current political race to limit forest investment and the supply of forestry carbon credits has been remarkably successful, rendering further action unnecessary. Even if immediate steps were taken to improve forest investor sentiment, it will take years to rebuild trust in stable government policies concerning these issues.

The matter of trees on farms has been excessively politicised, with media reporting often lacking in-depth knowledge or being disingenuous. This overall situation is detrimental to New Zealand. We urge all politicians and officials to consider the collective impacts of their actions and engage in urgent consultation with the forest industry for the betterment of New Zealand and global climate change. Let us work together to find sensible and measured solutions that benefit our nation as a whole.

Sincerely,
James Treadwell
President