

Media Release

New Zealand Institute of Forestry (NZIF)

For Immediate Release

Government's Updated Emissions Trading Scheme: A Positive Step Towards Market and Sector Confidence

The New Zealand Institute of Forestry (NZIF) welcomes the Government's recent announcement regarding the updated settings for the Emissions Trading Scheme (ETS) as a crucial move in restoring confidence within the market and the forestry sector.

Today, Climate Change Minister Simon Watts confirmed the Government's decision to retain the current auction price floor, the cost containment reserve price, and the existing reserve volumes in the ETS. Additionally, the number of units available will be reduced between 2025 and 2029, signalling a commitment to strengthening the ETS framework.

James Treadwell, President of the NZIF, expressed optimism about the Government's approach, highlighting its importance in stabilising the market.

"This announcement is a clear signal from the Government they are committed to restoring credibility to the ETS," said Treadwell. "The stability provided by maintaining the current settings, along with the reduction in units available, should help rebuild market confidence, which has been shaken in recent years."

Treadwell noted the previous suggestions of lowering the price floor had significantly undermined the market, leading to a decrease in carbon prices and a drop in planting and investment intentions. However, he believes today's announcement is a step toward restoring trust in the climate forestry sector.

"There is still more to be done, but this move is a positive start. It's crucial the Government continues to support the ETS and allows it to operate effectively without further disruptions," Treadwell added.

"With a stable ETS and a rising price for carbon units, we expect to see increased investment in the actions necessary to meet New Zealand's international climate commitments. Forestry, as outlined in the Government's climate strategy, will play a critical role in achieving these goals in an economically and environmentally sustainable manner. For the sector to make the long-term decisions required to meet the Government's afforestation targets, maintaining stability and confidence in the ETS is essential."

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About NZIF

The New Zealand Institute of Forestry (NZIF) is the professional body for New Zealand's forestry sector. It represents the interests of foresters, forest scientists, and other professionals involved in the management of New Zealand's forest resources. The Institute advocates for sustainable forest management and promotes the role of forestry in mitigating climate change.