



**New Zealand Institute of Forestry**  
Te Pūtahi Ngāherehere o Aotearoa Incorporated

# **Resetting the Emissions Trading Scheme (ETS) Annual Charge for Post-1989 Forestry Participants**

NZ ETS Cost Recovery  
Forestry System Directorate  
Ministry for Primary Industries  
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## Introductory Comments

Thank you for the opportunity to submit to the consultation on Resetting the Emissions Trading Scheme (ETS) Annual Charge for Post-1989 Forestry Participants

If appropriate, the New Zealand Institute of Forestry (NZIF) wishes to be heard in support of its submission.

## About the Submitter

The New Zealand Institute of Forestry (NZIF), established in 1927 and Incorporated in 1929, is a professional body representing over 850 members who are experts in various aspects of forestry. The NZIF's mission is to advance the forestry profession and all forests in New Zealand and to serve as an independent advocate for the forests and good forestry practice.

Dedicated to enhancing forestry practices and benefiting the broader community, the NZIF emphasises education, accountability, and adherence to its code of ethics and performance standards. It plays a critical role in quality assurance, setting benchmarks for professionalism and ensuring both its members and the wider forestry profession uphold high standards of practice and advice.

NZIF members are involved in the professional management of all types of forests—plantation, natural, conservation, protection, and commercial. Our members are employed across a range of sectors, including forestry companies, consulting firms, research institutions, educational organisations, government agencies, and specialist service providers.

The diverse qualifications and expertise of NZIF members span multiple disciplines essential to managing New Zealand's forest resources, including traditional forestry, science, economics, law, microbiology, hydrology, engineering, and resource management.

To maintain professional integrity, the NZIF operates a regulated registration scheme which governs the registration and conduct of forestry professionals. This includes consultants who provide forestry advice to both public and private entities, as well as those in other related roles.

## Submission

### Proposal One: A Reduced Annual Charge for Post-1989 Forestry ETS Participants

The New Zealand Institute of Forestry (NZIF) acknowledges the principle of cost recovery when it is implemented equitably, transparently, and is justifiably. However, we assert the initial cost recovery proposal from the government failed to meet these key criteria.

The decision to reduce the annual ETS charge to \$14.90 per hectare is a positive move towards a fairer approach. Nonetheless, we have additional and ongoing considerations and concerns:

- 1. Sufficiency of NZU Tax Revenue:** The sale of New Zealand Units (NZUs) generates substantial tax revenue, which should adequately cover the costs associated with the Tupu-ake Registry (TUR) system without imposing undue financial burden on forestry participants.
- 2. Operational Issues with Tupu-ake:** While there have been some improvements to the Tupu-ake system, they have been limited to specific, straightforward cases. The system struggles to handle complex or atypical situations, demonstrating it is not yet fully functional. Consequently, it is unreasonable for the forestry sector to bear the costs associated with an incomplete tool. We recommend a review of the system's cost structure once it is fully operational and free of teething issues.
- 3. Specific Considerations for Indigenous Forests:** Indigenous forests should be exempt from the annual fee. These forests earn significantly fewer NZUs per hectare compared to exotic species, and a flat fee would discourage the expansion of indigenous forestry, which offers valuable ecological benefits.
- 4. Specific Considerations for Forests under averaging:** Forests which have already reached their average age should also be exempt, as no further units can be applied for, making the fee less justifiable.
- 5. Incentivising Compliance and Discouraging Bad Practices:**
  - The current management of applications encourages poor practices. By charging a flat fee which covers the compliance costs of all participants, it unfairly penalises



compliant parties while indirectly supporting those who submit low-quality or inaccurate applications, using a larger amount of MPI staff time.

- The Ministry for Primary Industries (MPI) should address the issue of inadequate applications directly, rather than spreading the cost burden across all participants. A better approach would be to implement penalties or fees specifically for those who submit substandard applications, thus encouraging higher standards and efficiency in the system.
6. **Cost Contribution from ETS Emitters:** ETS emitters benefit from the availability of a robust and defensible carbon offset system. As such, they should also contribute to its operational costs. Sharing this financial responsibility would align with the broader principle those benefiting from the ETS framework should also support its maintenance and improvement.
7. **Public Benefits of Forests:** The initial cost recovery model has understated the public benefits provided by forests, including biodiversity, erosion control, and water quality enhancement. These public goods justify a reassessment of the cost structure to reflect the broader societal benefits of sustainable forestry practices.

## Proposal Two: Amendments to the Climate Change (Forestry) Regulations 2022 for the Field Measurement Approach (FMA)

NZIF supports the proposed amendments to the Climate Change (Forestry) Regulations 2022 to clarify carbon stock calculations during the shortened 2023-25 reporting period. We agree all FMA participants should have the flexibility to use:

- Default carbon tables specified in the Forestry Regulations if they do not have participant-specific tables; or
- Existing participant-specific tables, if available.

This amendment will provide clarity and consistency for FMA participants during the transition period, helping to maintain accuracy and reduce administrative burdens.

## Conclusion

NZIF appreciates the steps taken by the government to refine the ETS cost recovery model and supports ongoing dialogue to ensure charges are fair, transparent, and effective in promoting sustainable forestry practices. We encourage further adjustments based on the operational readiness of systems like Tupu-ake and a more balanced



approach to fee distribution which considers the public and environmental benefits of forestry.

We look forward to continued collaboration with the government to improve the effectiveness and fairness of the ETS framework for all stakeholders involved.

## General Comments

NZIF appreciates the opportunity to submit on this consultation. We welcome any further opportunities to clarify the points raised in our submission. If you have any questions or require additional information, please feel free to contact the undersigned.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'James Treadwell', written in a cursive style.

James Treadwell (*Fellow and RMNZIF*)

**President**

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