

**SUBMISSION ON HE POU A RANGI - CLIMATE CHANGE COMMISSION DOCUMENT
"2021 DRAFT ADVICE FOR CONSULTATION"**

SUBMITTER DETAILS

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1. Introduction

- 1.1. This is a submission on the document "2021 Draft Advice for Consultation" (**Draft Advice**) prepared by He Pou a Rangi Climate Change Commission (**CCC**).
- 1.2. The Environmental Defence Society (**EDS**) is a not-for-profit, non-governmental environmental organisation. It was established in 1971 with the objective of bringing together the disciplines of law, science, and planning to promote better environmental outcomes in resource management. EDS organises the annual Climate Change and Business Conference (**CCBC**). The CCBC provides a forum for progressive business leaders to share their ideas and innovative responses to the challenges resulting from climate change.

2. Summary of submission

- 2.1. EDS is strongly supportive of the draft advice. We commend the CCC on its work and policy recommendations. We are encouraged by the high level of public engagement during the consultation phase and fully support continuation of this.
- 2.2. We are particularly encouraged by the CCC's acknowledgement that resiliency as well as urgency is important. Formulating policy options based on short and long-term timeframes is challenging given the high degree of uncertainty with regards to the success of mitigation strategies and technological advancements.
- 2.3. However, we are concerned that the short-term deadlines for meeting targets will put at risk concentrated efforts to build resiliency and may undermine Aotearoa New Zealand's economic, environmental, and social sustainability. We are at a crucial crossroad, and decisions acted on now will have lasting impacts for generations.
- 2.4. In order to adequately ensure reductions are sustained past 2050 and do not create perverse policy outcomes we urge the CCC to incorporate the following key actions into the policy framework:
 - Increase the biogenic emissions target for 2050 from 25% to the mid-range (at or about 50%).

- Expand agricultural policy options to include diversification, alternative farming systems and more significant land-use change for dairy on unproductive land.
- Scale up native forestry earlier and over a greater area on marginal *and* unproductive land. Include sustainably managed native harvesting in this volume.
- Undertake legislative and regulatory reform to encourage natives over exotic plantations e.g., National Environmental Standards for Plantation Forestry (**NES-PF**), the Forest Act 1949, and the New Zealand Emissions Trading Scheme (**NZ ETS**).
- Implement targeted incentive funding and the establishment of an oversight group to facilitate native forestry.
- Implement the proposed National Policy Statement for Indigenous Biodiversity (**NPS-IB**) to support the resilience of indigenous biodiversity to the effects of climate change.
- Provide for greater transparency and rigour with respect to He Wake Eke Noa (the primary sector climate action partnership).
- Include the agricultural sector in the proposed Equitable Transition Strategy.
- Undertake a risk assessment and draft proposal on the anticipated offshore mitigation offsets required to meet the Nationally Determined Contributions (**NDC**).
- Review and amend draft policy recommendations to include consideration of embodied carbon emissions to avoid perverse outcomes.

3. Consultation question 1: Principles to guide our advice

- 3.1. EDS broadly supports the seven key principles used to guide the CCC's analysis.¹ These principles are informed by the four areas of analysis that the CCC must cover as required in the Climate Change Response Act 2002.² Given these Principles underpin the policies recommended it is important to carefully examine these.
- 3.2. Principle 1: Align with the 2050 targets
- EDS strongly supports policies that enable Aotearoa New Zealand to meet the 2030 and 2050 emission reduction targets and contribute to the Paris Agreement's global goal of limiting warming to 1.5°C above pre-industrial levels.
- 3.3. Principle 2: Focus on decarbonising the economy
- EDS agrees that it is necessary to take a long-term view of investments and infrastructure, and that actions in the next five years should focus on not just meeting the targets but sustaining reductions past 2050. EDS agrees that forest sequestration activities should not be relied on as a short-term solution and emphasises that such an

¹ Draft Advice, page 29.

² These four areas are that the proposed emissions budgets are technically and economically achievable, ambitious, mitigate the negative impacts, maximize the co-benefits, and can be delivered through policy.

approach would transfer the burden to future generations in a manner that is not consistent with an equitable transition approach. Further expansion of forestry is not a panacea for meeting our climate change goals.

3.4. Principle 3: Create options

- EDS supports the reduction of gross emissions and minimisation of offsets through the creation of different options that enable an adaptive management approach to be adopted. EDS submits that a reliance on exotic plantation forestry poses significant risks to the permanency of reductions past the target dates, creates intergenerational inequity by shifting the burden onto future generations, and adversely impacts Aotearoa New Zealand's landscape and environment.

3.5. Principle 4: Avoid unnecessary cost

- EDS on balance supports this principle and agrees it is important to avoid unnecessary costs and create options for the future. However, EDS considers it is important to recognise that cost-efficiencies must be considered alongside other values and should not form the underlying focus of decision-making. In light of the tight timeframes, and long asset horizons, it is submitted that principle 4 should explicitly acknowledge that short term cost efficiencies should not undermine the achievement of long-term emissions reductions. Allowing for future options should not undermine enduring or permanent change. We need to ensure actions taken now are not reversed once targets are met in 2030 and 2050. Providing for flexibility can disincentivise investment and risks backsliding.

3.6. Principle 5: Transition in an equitable and inclusive way

- We agree that the transition should be equitable and inclusive, well signalled and planned but add that responsibility to build new markets and/or train and upskill individuals must be carried by government and business in partnership with community and individuals. The Government must provide support and not leave the duty of care to industry, individuals, or the market.

3.7. Principle 6: Increase resilience to climate impacts

- EDS supports and underscores the importance of not trading off short term carbon sequestration options with the resilience of native forestry. Exotic plantation forestry carries significant downside risk, and this should be taken into consideration. Conversely, native forestry increases climate resilience through flood mitigation and fire resilience. Additional ecosystem services also include erosion control, improved biosecurity and the provision of essential habitat for indigenous fauna.

3.8. Principle 7: Leverage co-benefits

- EDS agrees generally with principle 7 but considers it important to not only leverage co-benefits when actions produce modest results, but to actively take these into account in the selection and design of policy. Framing co-benefits and resiliency as part

of the policy equation shifts the calculation of trade-offs, changes time horizons, and aligns with a Te Ao Māori view.

4. Emissions budget levels

- 4.1. EDS supports the breakdown of budgets between gross long-lived gases, biogenic methane, and carbon removals from forestry. It supports the long-lived gas budgets but questions the level of ambition for biogenic methane noting that by 2035 to reduce to 0.97 Mt CH₄ from 1.32 Mt CH₄ in 2018 (15.9% decrease) means that we will only reduce emissions by 25% below 2017 levels by 2050 which is at the lower end of the Zero Carbon Act's target range of 24-49%. This is a risky approach that could easily result in an undershoot.
- 4.2. EDS strongly agrees that it is important to lock in a net zero target for long-lived gases now to provide for ongoing reductions after 2050 and that native forests are best suited to help ensure this. We are also aligned that planting should start immediately. However, EDS supports more decisive early action to scale up native planting or reversion.
- 4.3. EDS disagrees strongly on the timing and volume of native forestry proposed. It also disagrees that native forestry be limited to permanent forests and considers there is a role for harvestable native forest.
- 4.4. We acknowledge and agree with the CCC's prudent and conservative approach to exclude new methane reduction technologies from the budgets. This assessment is based on the advice from the Biological Emissions Reference Group (**BERG**) report³ that it is highly unlikely new technology will be available by 2030, and only moderately likely by 2050. Also noted in the BERG report was uncertainty that technologies will be effective once deployed. EDS notes that new technologies have been contemplated for at least the past 15 years but nothing substantive has materialised.
- 4.5. As such the proposed budget reductions will be met through on-farm management practices, modest land-use change of dairy to horticulture, the implementation of freshwater regulations, and in the second budget period, the progressive adoption of selective breeding of sheep. On-farm management practices include the reduction of stock by 15% (dairy, beef, sheep), optimising feed (pasture and supplementary) and lowering nitrogen inputs.
- 4.6. The advice states that these on-farm changes will not affect dairy production but may negatively impact meat production compared to current policy settings. We are concerned that greater emphasis has been placed on maintaining dairy production levels to secure GDP growth rather than decarbonising the economy (Principle 2) and building long term resiliency (Principles 1, 6, 7). As a result, other policy options have been minimised and/or discounted and the emissions targets are not challenging enough.
- 4.7. It is important not to assume that reducing production inevitably leads to emissions leakage in the short or long term. Emissions leakage in the dairy sector is unlikely because

³ See <https://www.mpi.govt.nz/dmsdocument/32125/direct>

competitors will also face caps in production. Beef and wool producers are more exposed from unregulated producers, but this can be mitigated by marketing.

- 4.8. In addition, concerns about safeguarding food security should not be used as a reason to maintain production levels. In the Paris Agreement⁴ this consideration relates to ending hunger and poverty in low-income countries. Aotearoa New Zealand's agricultural product mix is consumed by middle-class and high-end consumers; not populations at risk of hunger or malnourishment.
- 4.9. EDS supports the recommendation that the domestic target must be met via domestic action and offshore mitigation should only be used as an exception. We also agree that the current NDC must be increased to meet the Paris Agreement's 1.5°C goal. However, we add that if agricultural reductions increase then the quantity of offshore offsets would be lowered to narrow the NDC gap.
- 4.10. We are hesitant to fully endorse offshore mitigation for closing the NDC gap without the CCC first identifying the mechanism, potential counterparties, and assessing the costs and downstream risks to the environment and/or human rights. We understand the benefits, but it appears the CCC assumes that the risks and costs are lower than domestic mitigation actions or that the benefits outweigh the risks. This is unclear and evidence has not been provided.
- 4.11. EDS agrees with the selection of production-based accounting but would like embodied emissions to be adopted in its policy recommendations. Otherwise, policies may have perverse effects. For example, building materials that have lower emissions should be incentivised to substitute for concrete or steel. This would also act to support the formation of a low emissions timber industry in Aotearoa. Likewise, imports of farm supplementary feed such as Palm Kernel Expeller (**PKE**) should be explicitly discouraged. This approach would demonstrate the Government's genuine effort to reduce emissions at a global level.

5. Transition

- 5.1. EDS strongly agrees that the climate transition should be equitable. A successful transition leads to an enduring path. The prerequisite to this is the perception that the necessary actions for us to meet the Paris Agreement goal will create opportunities and that these outweigh any perceived or real negative impacts.
- 5.2. EDS supports the CCC's suite of recommendations under the broader heading of enduring change including cross-party support; alignment and co-ordination between agencies, central, and local government; genuine partnership with iwi/Māori; inclusive consultation; and mechanisms that enable a just and fair transition for all. We encourage the formation of a multi-sector strategy that integrates policy making and the proposed Vote Climate Change appropriation fund. It is critical that local government funding and resourcing requirements are provided for.

⁴ See <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

- 5.3. With regard to shifting perceptions and embedding behaviour change we would like to see policy actions more defined. The draft advice is too vague considering this underpins and determines the success of all recommendations. Simply stating that the Government should embed behaviour change as a desired outcome in its policies and programmes is insufficient. As such, EDS suggests that an awareness playbook or strategy be developed that sits above and informs public participation workstreams and the proposed Equitable Transitions Strategy.
- 5.4. EDS endorses the draft advice for establishing processes that incorporate the views of all New Zealanders in policymaking. We understand the importance of hearing from citizens not formally represented by special interest groups. The climate transition needs input from multiple and varied stakeholders.
- 5.5. We also share the concern that there is risk of disengagement because of consultation fatigue. We suggest this aspect be covered in an awareness playbook, and that to avoid consultation fatigue, facilitators communicate back to participants about the effectiveness of sharing their views. Citizens need to know they are being heard and that it matters; verbally reiterating this during consultations or on websites is not enough, there needs to be evidence that participation has an impact.
- 5.6. EDS supports the proposed Equitable Transitions Strategy. As an initial first step to developing the strategy it is critical that communities and regions are identified. The draft advice sets this out. However, EDS would like to add that this work must include members of the agriculture sector as well as others who will be affected by adaptation and/or the budget mitigation actions now and in the future.
- 5.7. Agricultural workers and land or lease holders already perceive that they will unfairly bear the cost burden of the climate transition. Localised transition plans must include these voices in the preparation and planning for transition. Members of the agricultural sector will also require new skills and training, and this task should not be left to special interest groups or representative bodies.

6. Agriculture

- 6.1. EDS does not support the low level of ambition for methane and is concerned that the policy recommendations to meet this target will not deliver the required reductions for 2050. As stated, the policy options proposed in the budget include on-farm improvements, small land use change, the implementation of freshwater reforms, and to a lesser degree the selective breeding of sheep. Sitting behind these options is the pricing of emissions from 2022.
- 6.2. The consistent emissions reductions from on-farm improvement plans are not guaranteed. This concern is reflected in the BERG report when it notes that the ability of farmers to implement on-farm practices varies widely and various barriers exist such as low skills and a lack of knowledge. The BERG report also highlights the low level of awareness and commitment among farmers to reduce emissions. Drawing on an AgFirst farmer survey, the report comments that 98% of farmers do not know their level of emissions, 97%

underestimate emissions, and only 64% agree that the agriculture sector should reduce biological emissions to fight climate change.

- 6.3. Pricing emissions and outcomes from freshwater reform will incentivize some but not all farmers to destock, lower inputs and improve efficiency. This will depend on the level of farmer debt, risk appetite, global commodity prices, and farmer willingness, knowledge and skill base.
- 6.4. In 2019, the Government partnered with industry to establish He Waka Eke Noa. This group is responsible for developing and rolling out the CCC's proposed policy recommendations. Work in this area is already happening. He Waka Eke Noa put in place targets and milestones under a 5-year joint action plan. These actions are to help farmers measure, manage, and reduce their biogenic emissions:
 - By 1 January 2022, 25% of all farms are expected to know their emissions and have mitigation plans in place.
 - By 31 December 2022, 100% of farms should know their emissions.
 - By 1 December 2022 He Waka Eke Noa is expected to have designed an integrated reporting and pricing mechanism that will come into effect in 2025. If this is not delivered to Parliament, agriculture will automatically enter the ETS in 2025.
 - By 1 January 2025, 100% of farms are expected to have mitigation plans in place. Pricing of emissions can commence.
- 6.5. EDS notes that He Waka Eke Noa's work is not publicly available for review and is unaware if all sectors are equally on track to meet these milestones. Nor is it certain that once plans are rolled out, they will deliver the required mitigation reductions. There is a high degree of reliance on industry to both bridge the knowledge gap on emissions and train and upskill farmers and agricultural workers on how to action the plans effectively. Government should continue to lead this work programme, but also provide regular updates to the public, and seek non-industry input given the significance of He Waka Eke Noa's work. The proposal may work but we should assume that it may not and therefore have a clear contingency plan in place particularly as it relates to reaching the 2050 target.
- 6.6. EDS supports the development of a long-term plan for targeted research of technologies but underscores that similar focus and ambition should be levelled at creating options for alternative farming systems and land-use. This is pragmatic given the risks associated with relying on the proposed policy options. For example, current unexpected high dairy prices do not signal a reduction in farm inputs or stocking rates but will likely drive intensification. This will lock farm systems in for the next few years.
- 6.7. EDS strongly supports the policy recommendations to accelerate investment in information and data on alternative farming systems, support deployment of systems and infrastructure, and prioritise initiatives to reduce market or trade barriers. Starting this process now is critical to enable the 2050 target is met. Other profitable, lower emissions options must be made available to farmers. These options for alternative farming systems

should not be limited to horticulture but should extend to native agroforestry, apiculture, low-impact tourism and recreational services.

7. Forestry

- 7.1. EDS agrees with the policy recommendation to lock in net zero past 2050 by planting more natives and to reduce over time reliance on exotic plantation forestry as offsets. It understands that to deliver the deep cuts in long-lived gases some form of offsetting will be required. However, it considers there is an imbalance in the number of exotics vs natives proposed over time.
- 7.2. EDS does not agree with the proposal to scale up exotic plantation forests solely because they absorb carbon quickly. EDS considers there are other alternatives that can achieve the same outcome using native forestry.
- 7.3. As such, EDS does not agree with the pace and volume of scaling up natives. Native forestry provides numerous co-benefits and can assist in increasing resilience to climate impacts (see Principles 6 and 7). There are more reasons for scaling up natives other than locking in net zero. These reasons are listed below:
 - Climate change resilience and adaptation benefits for flood and erosion prone land, and provision of shade to lessen the heating effect in urban environments.⁵
 - Biodiversity conservation and habitat protection, improved soil health and erosion control, water quality improvements and pollination services.⁶
 - Improved outcomes for landscape protection. Native forests comprise a variety of vegetation with a range of sizes, colours, and ages, contributing to the naturalness of an area. Exotic plantation forests on the other hand are typically a single-year class monoculture planted in linear form, obstructing the landscape with human-built elements. Once harvested the landscape is left bare and scarred further degrading landscape values.⁷
 - Preservation and safeguarding of socio-cultural values from a Te Ao Māori perspective and as part of Aotearoa New Zealand's national identity.
 - Environment and ecological trade-offs with exotic plantations. For example, there are already 1.8 hectares covered by wildings and this is expected to increase 20% by 2030.⁸ The cost of weed management will increase as the planting of exotics continue. Sediment run-off after harvesting is having a major impact on waterways and estuaries. The ecological, biodiversity, landscape and social-cultural values are higher in natives than exotics. In addition, exotics put at risk the social licence to operate/mitigate and undermine behaviour change.

⁵ The Aotearoa Circle, 2020, *'Native Forests: Resetting the Balance'*

⁶ The Aotearoa Circle, 2020, *'Native Forests: Resetting the Balance'*

⁷ Peart R and Woodhouse C, 2021, *Restoring Te Pātaka o Rākahautū Banks Peninsula*, Environmental Defence Society

⁸ See <https://www.mpi.govt.nz/biosecurity/long-term-biosecurity-management-programmes/wilding-conifers/>

- Landscape scale restoration by planting or enabling indigenous forests is consistent with a range of other government policy instruments, is supported by philanthropic investments and is actively engaging communities through volunteer effort.
- 7.4. EDS also considers that similar sequestration benefits can be achieved by natives if a greater area of land is planted. Not only would this deliver the similar sequestration rates in the short term, but it would also provide for long-term sequestration benefits.
- 7.5. The Draft Advice sets out the expected volume of native and exotic afforestation.
- 7.6. Native afforestation starts at 12,000 hectares in 2021 and gradually increases to:
- 12,000 to 16,000 hectares by 2025;
 - 16,000 to 25,000 hectares by 2030 and out to 2050; and
 - by 2035 approximately 300,000 hectares.
- 7.7. In contrast, the advice recommends exotic plantations should continue to be planted at a rate of 25,000 hectares per year until 2030 and thereafter steadily reduce to zero new planting by 2050. By 2035 approximately 380,000 hectares will be planted. EDS considers 380,000 hectares of exotics to be excessive and avoidable.
- 7.8. There is also more land available for the planting of native forests than is set out in the Draft Advice.
- 7.9. In 2018, Te Uru Rākau estimated that up to 3.3 million hectares of unproductive land may be suitable for new afforestation.⁹ This includes approximately 2 million hectares for plantation or permanent forest of various species and an additional 1.3 million hectares of marginal land (steep and/or erosion prone sheep and beef land) for permanent forest. Land available for this purpose should also include future land from any land-use changes resulting from the climate transition.
- 7.10. In making the recommendation for native afforestation, the Draft Advice focused only on land suitable for permanent native forestry. This is marginal, unproductive land (1.15 – 1.4 million hectares) that, if planted in natives, will not affect farm profitability. This equates to only 26% of the marginal land available.
- 7.11. EDS does not agree that native planting should be limited to permanent forests. In making its recommendations, the CCC did not consider the options for native plantation forestry. If this option was considered it would not only provide for a greater land area available for afforestation but would also result in other economic and non-economic benefits.
- 7.12. Economic opportunities exist for both permanent and plantation native forestry. This includes jobs in timber and non-timber industries across the entire supply chain from financial services, seed sourcing, pest and weed management and harvesting through to marketing and the delivery of products to consumers. It also extends to options for

⁹ See <https://www.mpi.govt.nz/dmsdocument/37113/direct>

agriculture to diversify and profit from alternative sources of income, provision of recreational services, and tourism.

- 7.13. EDS suggests that the volumes of exotic and native afforestation are recalculated to include the selective, sustainable harvesting of native forestry.
- 7.14. It is acknowledged that there are barriers to scaling up native forestry (both permanent and plantation). However, this should not be a reason to slow the pace of native plantings compared with exotics given the climate urgency, significant co-benefits, and available land. It is a matter of prioritising investments in more nurseries and training.
- 7.15. EDS recommends research into this area be undertaken and that an oversight group like He Waka Eke Noa is formed for forestry. This would include key actors from civil society including NGOs, academics and community groups engaged in restoration and philanthropic entities funding these initiatives. This group should select the most cost effective and quickest solutions and oversee rollout to encourage native forestry.
- 7.16. EDS also suggests that policy settings are revised to incentivise and provide certainty for investors wanting to establish native forestry. Currently, policy settings favour exotic afforestation over natives, despite the multitude of co-benefits that natives provide.
- 7.17. This would include removing impediments for native forestry in the ETS such as barriers for determining eligibility for native regeneration and difficulties with calculating sequestration rates for emissions returns. The permanent forest category in the ETS could also be limited to native forests, to further incentivise native forestry. The National Environmental Standards for Plantation Forestry (**NES-PF**) should also be tightened to appropriately control the adverse effects of exotic plantation forestry, further disincentivising exotic forestry.
- 7.18. Importantly, the Forests Act 1949 would need to be updated to definitively enable post 1989 native forests to be selectively harvested. This would ensure certainty for foresters or investors seeking to establish native plantation forestry.
- 7.19. The current reform of the Resource Management Act 1991 and the proposed Spatial Planning Act could also play a role in setting out where forestry should and should not be located, and the type of forestry envisaged in each location.

8. Conclusion

- 8.1. Overall EDS commends the work undertaken by the Climate Change Commission in creating this document. The draft advice provides a robust framework for policy direction and will provide certainty and transparency.
- 8.2. EDS fully supports the objectives and most of the recommendations of the draft advice, subject to the amendments sought in this submission. Climate change requires urgent action, but this must not be made at the cost of undermining long-term economic, environmental, and social sustainability. We are aligned with the CCC in seeking enduring change and do not want to shift the burden of responsibility or cost to the next generation.

8.3. We again thank the CCC for the opportunity to submit on this important draft advice. We welcome the chance to contribute to the debate about the most achievable means to meeting our targets.