



Emissions Trading Scheme Consultations

Beef and Lamb New Zealand Farmer
Webinar
July 20th

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- On-mute and videos off automatically
- Presentation and then open time for discussion
- Please use Q&A function or raise your hand at any time
- Follow up via email: Madeline.hall@beeflambnz.com or Lucy.evans@beeflambnz.com
- Note we are recording this webinar
- We'll come back to you

Agenda



- Introduction
- Context for consultations
- Proposed changes
- Options pros & cons
- Have your say
- Next steps

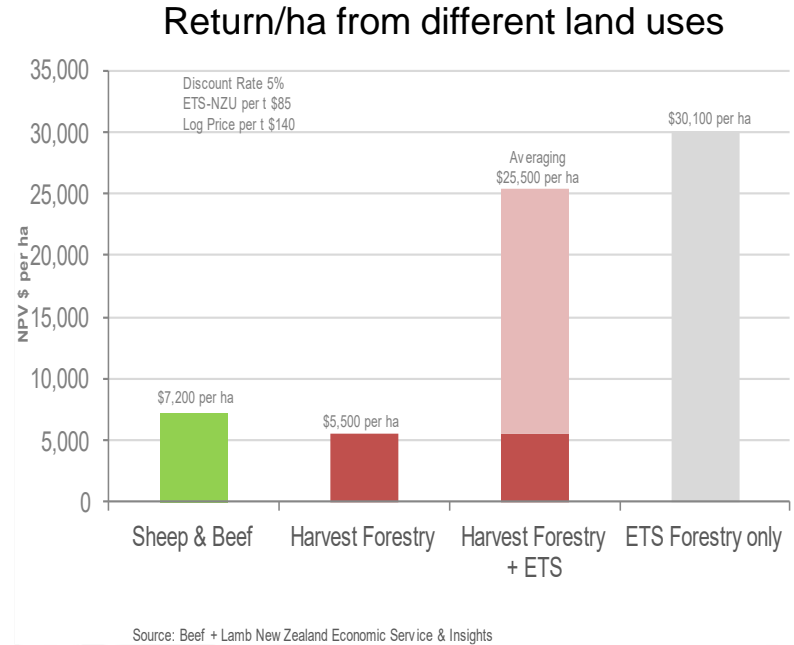
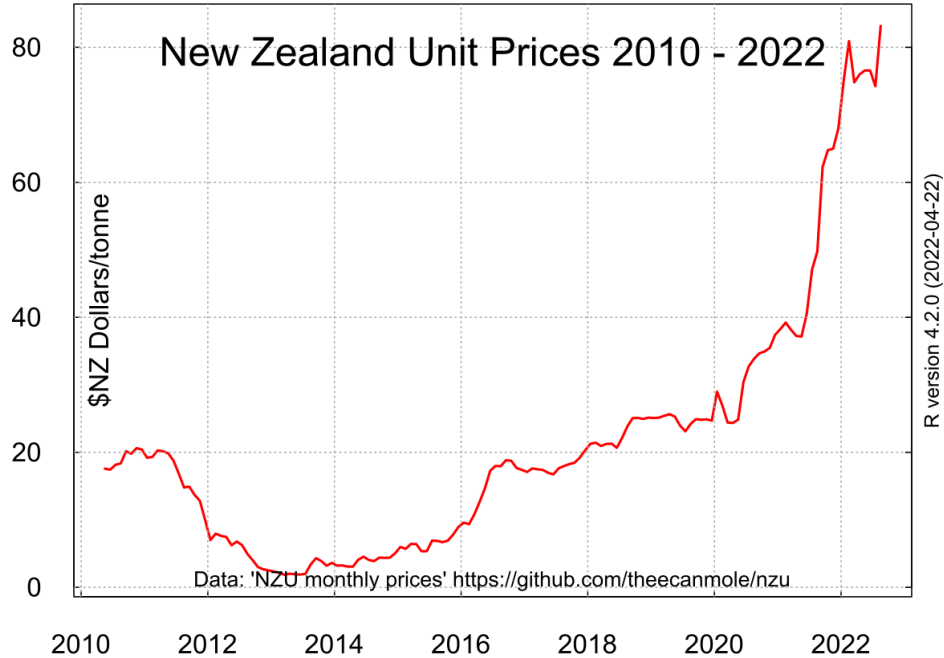


Introduction



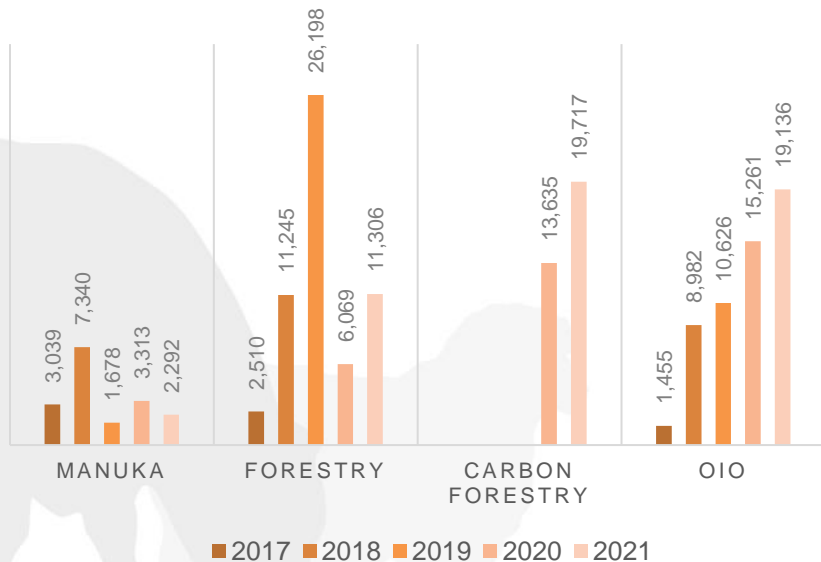
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Context: Carbon forestry: Driven by economics

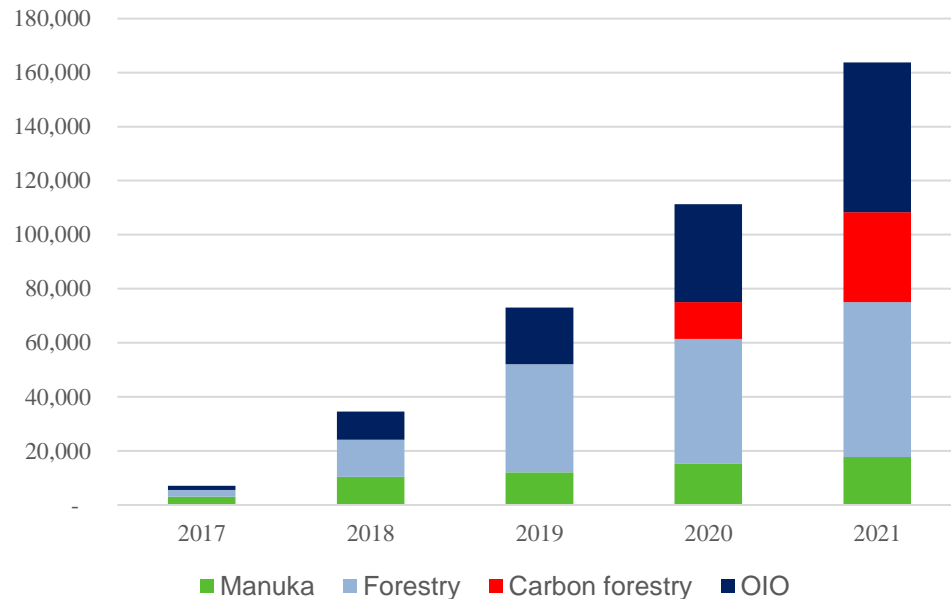


Context: Farm to forest conversions

Annual purchases by Forestry type 2017-2021



Cumulative whole-farm purchases 2017-2021



Ways to change the status quo



Change the...

- NZ ETS changes – core driver
- Overseas Investment Office – secondary driver
- RMA changes – manage impacts of carbon forestry

How the ETS works

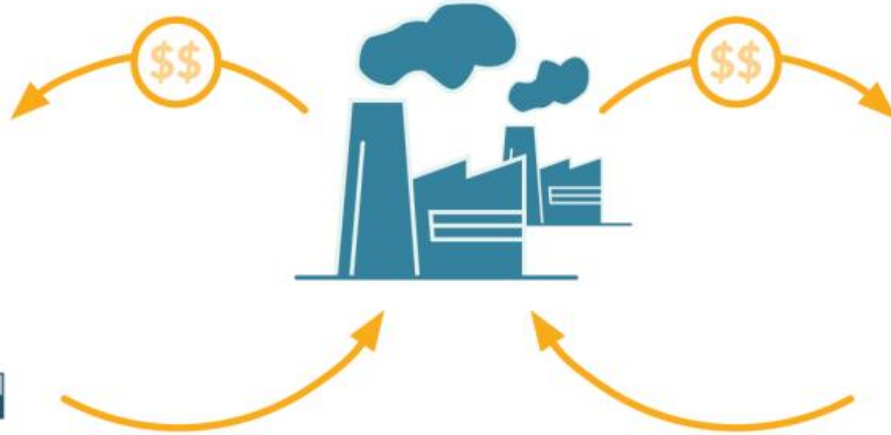
Government

Sells or allocates a specified number of units to emitters



Emitters

Required to purchase NZUs to pay for greenhouse gas emissions



Removals

Can earn NZUs based on carbon stored and sell them to emitters



Why have this review?



- Currently more tree planting than emissions reductions but govt wants more reductions than offsets
- Climate Change Commission recommended changes
- Without changes, carbon price will be too low to drive emissions reductions

They want to know:

- Whether ETS should prioritise emissions reductions > offsets
- What options we prefer for changes to ETS
- What options we prefer for changes to Permanent category
- What we think is missing



The Options: ETS Changes

Least change

Greatest change

Status quo

Maintain the status quo NZ ETS design and settings (baseline option)

Option 1

Use existing NZ ETS levers to strengthen incentives for net emissions reductions

Option 2

Create increased demand for removal activities to increase net emissions reductions

Option 3

Strengthen incentives for gross emissions reductions by changing the incentives for removals

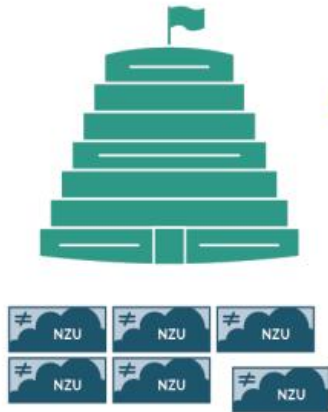
Option 4

Create separate incentives for gross emissions reductions and emissions removals

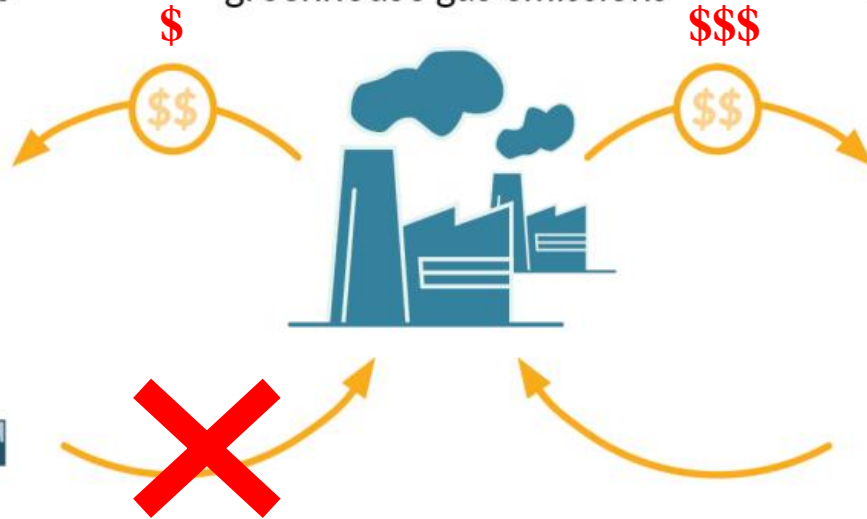
Complementary policy measures will incentivise emissions removals or reductions and create co-benefits for people and the environment

Option 1: Reduce govt. allocation of units

Government
Sells or allocates
a specified number
of units to emitters



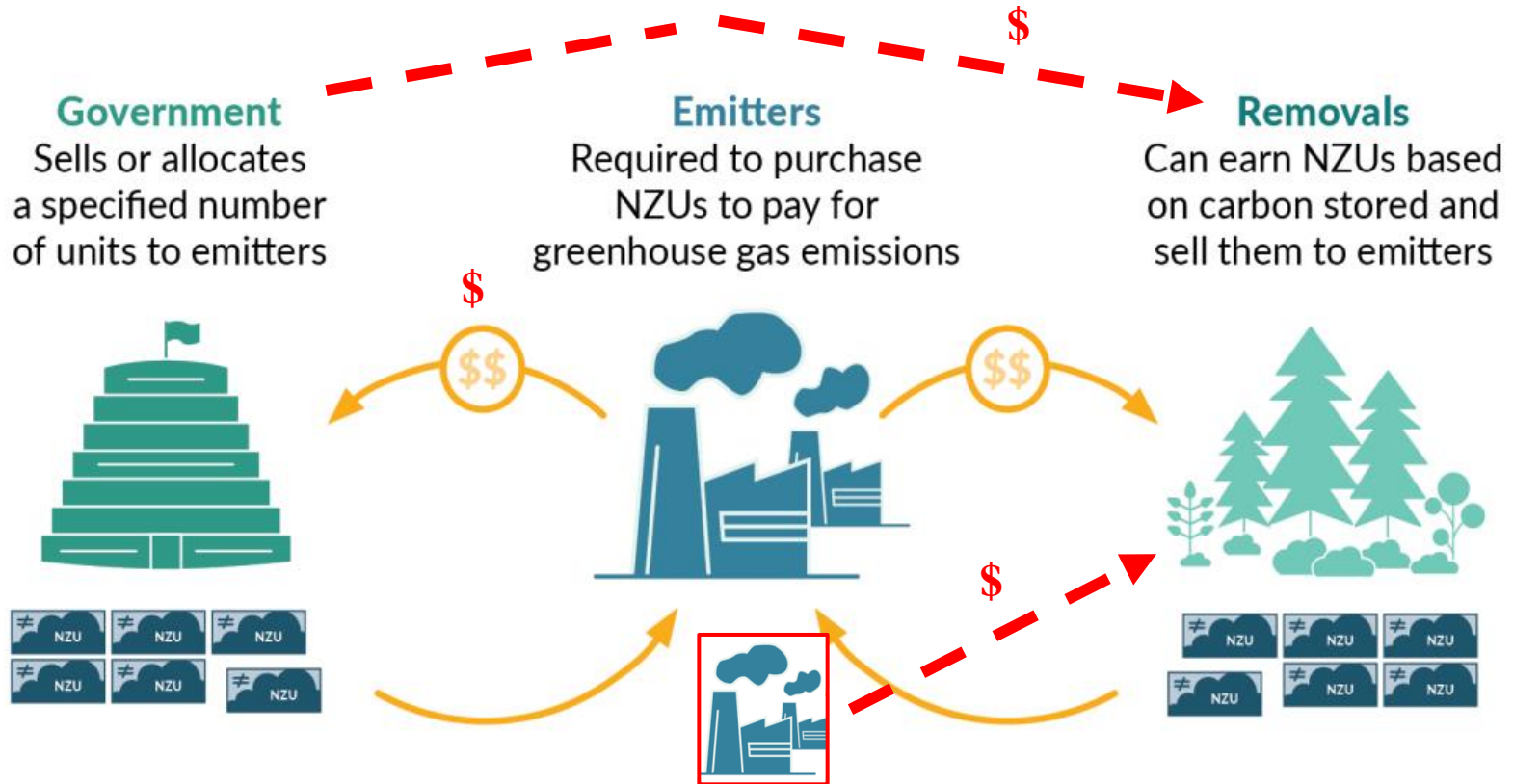
Emitters
Required to purchase
NZUs to pay for
greenhouse gas emissions



Removals
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on carbon stored and
sell them to emitters



Option 2: Increase buyers for forestry units



Option 3: Limit forestry units

Government

Sells or allocates a specified number of units to emitters



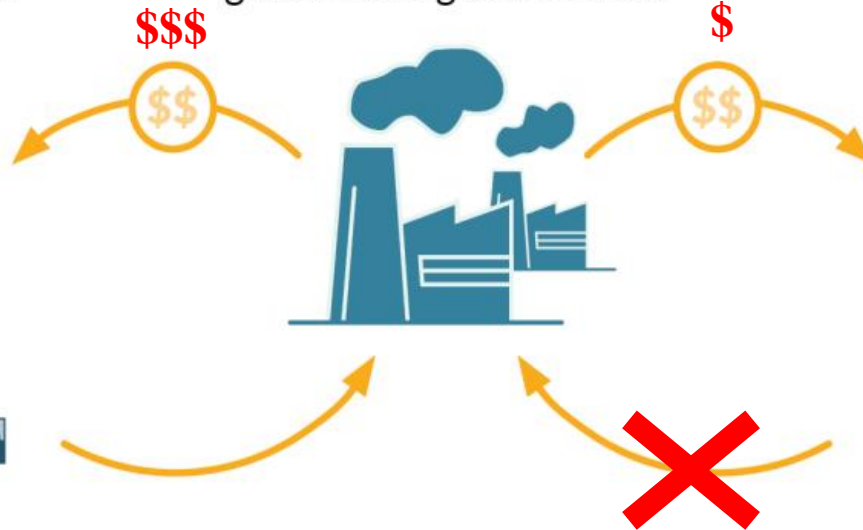
Emitters

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Removals

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Option 4: Exclude forestry from ETS

Government
Sells or allocates
a specified number
of units to emitters



Emitters
Required to purchase
NZUs to pay for
greenhouse gas emissions



Removals
Can earn NZUs based
on carbon stored and
sell them to emitters



Other measures in the Review



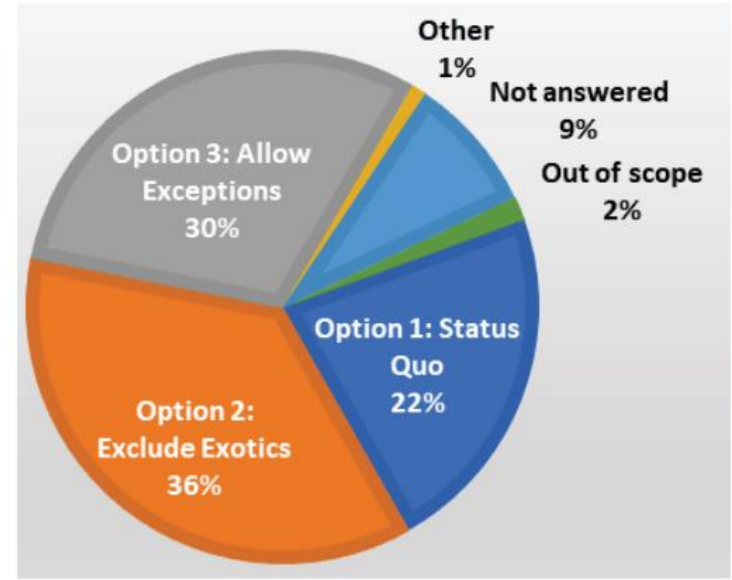
- Provide incentives for removals that have co-benefits
- Increase recognition for alternative categories or carbon removals

Permanent Forest Category background



- Previous consultation last year
- Core questions about:
 - what species can be allowed in,
 - what management requirements there would be, and
 - where these forests could be established.

Should exotic forests be allowed in the permanent forest category?



Permanent Forest Category Changes: Some questions they want answered...

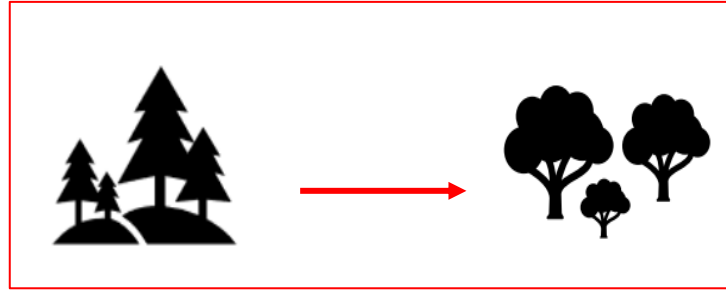


1. Which forests should be allowed in?
2. How should carbon be given to exotic to native 'transition' forests?
3. How should permanent forests be managed?

Which forests allowed in?



Only natives



Only transition from
exotic to natives

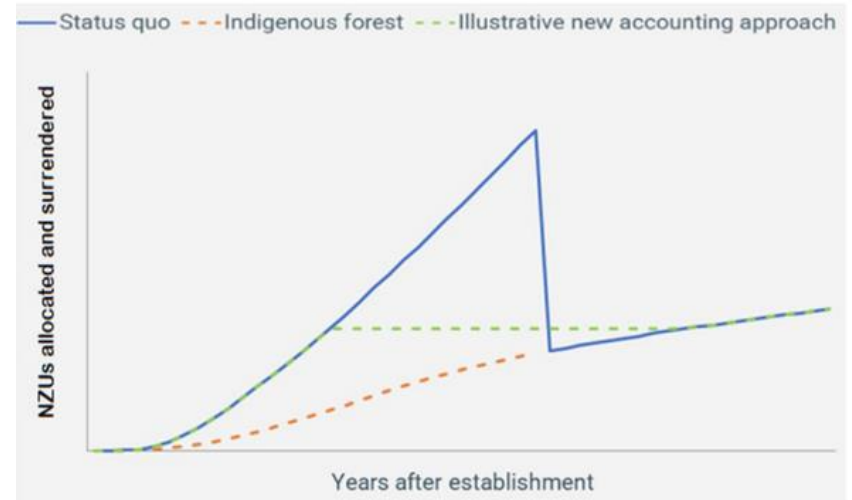


Long-lived
species

On Māori
land

Small-scale
on-farm

How should transition forests get carbon?



Permanent Forest Management

- What requirements?
 - No change
 - Minimum standards
- Who should they apply to?
 - All participants in category
 - Only to transition forests
 - Only to exotics
- How flexible should they be?
 - Rigid using strict rules
 - Flexible using forest management plans
- How is this tracked and complied with?
 - Reporting requirements?
 - Compliance consequences?



Observations so far...



*Put questions and comments
in the chat at any time!*

- Options 3 or 4 can restrict the use of forestry offsets by emitters and provide 'co-benefit' recognition/reward.
- Note that Options 1 or 2 will increase the problems we see with the current ETS settings
- Keen to see greater recognition of co-benefits
- Keen to see more types of sequestration recognised

Permanent Forestry Options



- Allow exotics and transition forests with conditions
- Change carbon rules for transition forests
- Forest management plan for exotics with more requirements for transition forests
- Compliance is significant for transition forests and minimal for natives or exotics (at small scale).

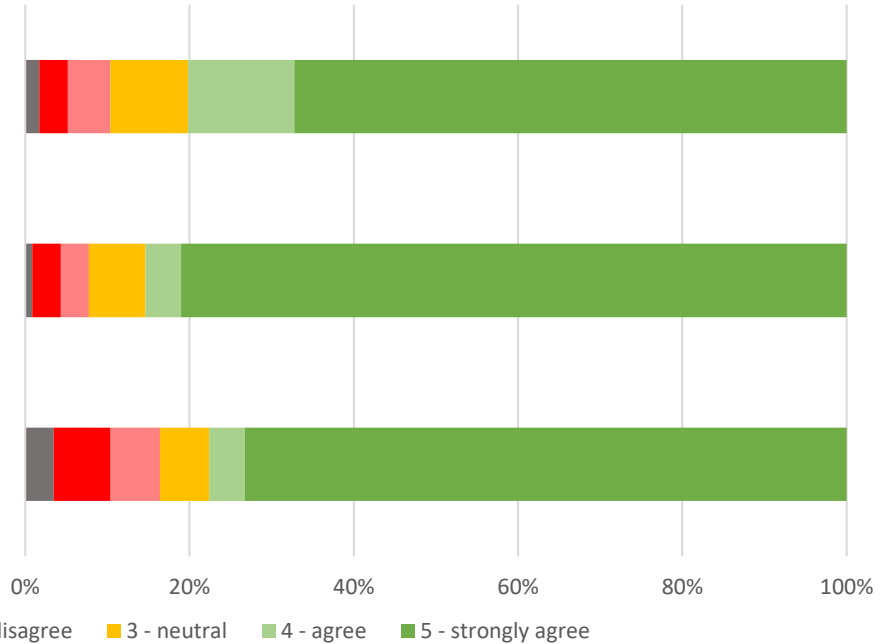
Strongly Agreed to statements

B+LNZ Farmer Survey Results Sample: Most Strongly Agreed Statements

The NZ ETS needs fundamental changes to address the issue of uncontrolled afforestation.

Farmers are not getting enough recognition for the carbon stored in their on-farm vegetation.

The conversion of large numbers of sheep and beef farms into carbon forestry needs to be slowed.



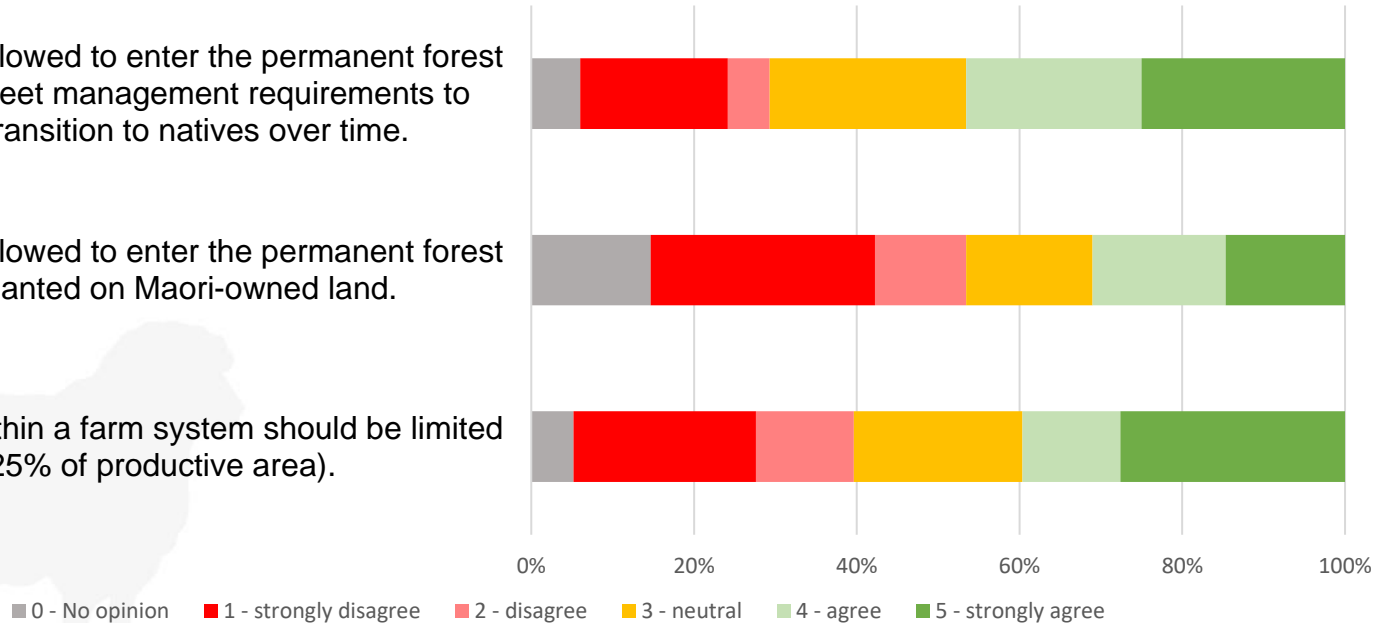
More Strongly Disagreed with statements

B+LNZ Farmer Survey Results Sample: Most Strongly Disagreed Statements

Exotics should be allowed to enter the permanent forest category if they meet management requirements to ensure they transition to natives over time.

Exotics should be allowed to enter the permanent forest category if planted on Maori-owned land.

Forestry planted within a farm system should be limited (i.e. to 25% of productive area).



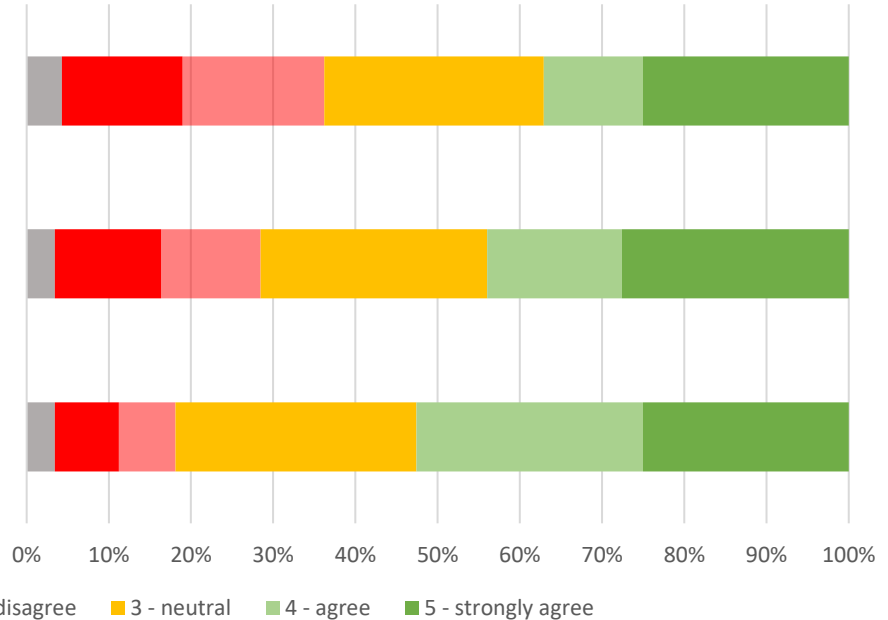
Neutral Statements

B+LNZ Farmer Survey Results Sample: Most Neutral Statements

There should be limits on the amount of forestry that can be planted within a given region.

Only farmers should be allowed to use forestry offsets to meet emissions reductions requirements.

Exotics should be allowed to enter the permanent forest category if they are longer-lived species such as redwoods.



What are your thoughts?



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Thank you!

- Farmer submission template coming soon
- Please complete the survey!
- Drop us an email
Madeline.hall@beeflambnz.com or
Lucy.evans@beeflambnz.com
- We'll send this recording back to you





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