



6 June 2015

Submission

- to -

Climate Change Consultation Contribution
Ministry for the Environment,
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Wellington 6143

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New Zealand's post-2020 climate change contribution under the United Nations Framework Convention on Climate Change

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The Wood Council of New Zealand (Woodco) is a pan-industry body which represents the common interests of the forestry and wood processing sectors.

The Wood Council was successfully incorporated under the Incorporated Societies Act 1908 on 2 March 2006.

The Wood Council members are the following associations:

1. Forest Owners
2. Wood Processors & Manufacturers
4. Farm Forestry
5. Forest Industry Contractors

The Wood Council welcomes the opportunity to provide input in to the public consultation process on this important issue.

A number of the individual entities comprising the Wood Council will make their own submissions. This submission reflects a high level of commonality between those entities on key over-arching issues.

The forest sector is based on an interdependency between growers and processors. We consider that the tabling of a new emissions target will influence investment decisions domestically. What the Wood Council businesses seek from government is clarity and certainty.

The international negotiations are critically important, but the point of greatest impact is in the associated domestic policy settings.

There are particular rules in the Kyoto Agreement relating to forestry and harvested wood products that the industry and government have campaigned hard to have recognised. These need protecting internationally and domestically.

It is important that the benefits these regulations provide to the Crown are reflected back in Government's policy settings supporting wood processing and afforestation.

The forest industry overall has a unique and very positive contribution to make to the New Zealand effort in lowering emissions.

Around half of our greenhouse gas emissions are associated with agriculture and we consider that it is important to send the signal that investors in agriculture will face an orderly and appropriately transitioned price signal. To continue to exempt farmers from obligations with

respect to enteric methane is to impose a greater cost on other forms of investment in the NZ economy. We do not want to see afforestation continue to be undermined by inflated land values created by not including agriculture in the ETS. Given that the new target applies to the period between 2020 and 2030, forestry can help. The Wood Council considers that an integrated approach to land use offers a sustainable solution that reduces business and environment risk as well as emissions. Indeed, we consider that the discussion document is overly focussed on the costs and does not adequately cover the economics, environmental and social dividends from new green enterprise and technology.

Increased afforestation can deliver multiple benefits for New Zealand and aligns with numerous government objectives. The environmental benefits are becoming increasingly well appreciated. In addition, expansion of the planted forest resource is very important to wood processing investors. Continued commitment to, and expansion of, domestic processing will be heavily influenced by access to supply. Achieving economies of scale will help the industry make the investment that can deliver on the Wood Council's Strategic Action Plan and grow the share of processing carried out on-shore. The location of that resource will be important in order that it can deliver on its regional development potential.

Support for forest growing efforts to achieve environmental outcomes through initiatives such as the Afforestation Grant Scheme (AGS) are supported in principle, as an indication of the Government's recognition of and support for the benefits from forestry but will not deliver anything like the scale of new planting that Wood Council members and government have both said they need.

Forestry and wood products investment brings in uniquely long time horizons. Forestry and wood products carbon storage cannot fix the lack of planting and deforestations of the last 10 years, but with the right signals can grow an industry that is at the heart of regional New Zealand.

The industry has strong sustainability credentials. The role of growing trees has had insufficient recognition, but is becoming more widely appreciated. The contribution of the wood products sector is even less appreciated domestically despite being internationally recognised including in the international agreement that harvested wood products represents a measurable 'carbon store'. Expanded use of wood products significantly extends the time that carbon is locked up and lowers the environmental footprint. Greater wood use has a calculable fiscal value to New Zealand in meeting its international commitments which could and should incentivise its greater use within domestic construction. The current use of wood in construction is at a sub-optimal level given the societal benefits it delivers and there are examples elsewhere internationally of how this can be supported.

It is also important to recognise that while part of the forest industry has commonalities with energy intensive businesses from other sectors, there are also characteristics that set them apart. In particular, the use of bioenergy by wood processors is uniquely high and is likely to remain so

given the by-products of processing wood are 'biofuel'. The traditionally low greenhouse gas emissions profile of the wood processing sector needs to be better taken into account when considering the requirements that they should face under the ETS. As implemented, the ETS discounted the fact that wood processing has always been a 'low emissions' industry, amounting to a significant commercial disadvantage to one of New Zealand's most productive manufacturing sectors relative to those producing emissions-intensive products that are in competition with our sector.

The Wood Council appreciates the opportunity for the industry to have a dedicated consultation opportunity with government. An opportunity exists to create the signals that will unlock the benefits that we are confident the forest sector can deliver. While we accept that the mechanics of the Emissions Trading Scheme will take time to review and adjust, this need not prevent the government providing a strong indication of how they envisage the market operating.

We urge you to place an emphasis on delivering these signals as early as possible.

Yours sincerely



Bill McCallum
Chair