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Ministry for the Environment
PO Box 10362
Wellington 6143
New Zealand

ZCB.Submissions@mfe.govt.nz

Personal / organisation details

You must provide either a company name or given name(s)

Company name _____ Wood Processors & Manufacturers Association _____
Given names _____ Brian _____
Surname _____ Stanley _____
Contact person _____ Jon Tanner _____
Address _____ 32 Salamanca Road, Kelburn. PO Box 10937 _____
Region _____ Wellington 6143 _____
Country _____ New Zealand _____
Phone _____ +64 4 473 9220 _____
Email _____ jon@wpma.org.nz _____

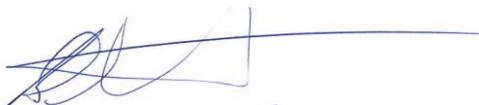
Submitter type, pick one:

Unspecified / Other Industry Association

Our Climate Your Say: Consultation On The Zero Carbon Bill

This is a submission on behalf of the Wood Processors and Manufacturers Association (WPMA), based on draft submissions provided to WPMA by the NZ Institute of Forestry. WPMA's motivation is to emphasise the alignment between sustainable plantation forests, processed wood products and the emissions constrained economy envisioned in a "net zero emissions by 2050" target.

Yours sincerely



Brian Stanley
WPMA Chair

2050 target

1. What process should the Government use to set a new emissions reduction target in legislation?

Pick one:

- the Government sets a 2050 target in legislation now

WPMA suggest there is little difference between Government 'setting a 2050 target in legislation' and Government 'setting a goal of net zero emissions by mid-century'. To prescribe "net zero" in legislation is to prescribe the legislative target and circumscribe the deliberations of the proposed Climate Commission. WPMA supports whichever wording results in clear recognition of processed wood products as: a means of extending the storage of atmospheric carbon post-harvest and therefore:

- **NOT** a benefit accruing to forest ownership,
- Displacing emissions intensive materials including aluminium, steel and plastics where those products confer little specific advantage justifying their environmental impact,
- Maintaining the demand for replanting and afforestation of additional forest crops.

2. If the Government sets a 2050 target now, which is the best target for New Zealand?

Pick one:

- net zero emissions:** Net zero emissions across all greenhouse gases by 2050.

The preamble to the discussion document gives the impression that the purpose of the legislation is to promote real change in New Zealand's emissions behaviour. In order to do this there must be a target on gross emissions. Without this there is a real danger that sequestration from new forests will be legislatively subverted to support business as usual behaviour in the short and medium term from the emitting sectors (as was the case in Kyoto CP1). Because the forestry contribution lasts only until the new forests reach a biological steady state, repeating this scenario would leave New Zealand with no underlying contribution after the new sequestration from forests is exhausted.

Targeting gross emissions will help the country make a meaningful contribution to reducing global GHGs. Displacing emissions intensive materials manufacture may assist with maintaining and expanding the demand for processed wood products. It will enable the diversion of more of NZ's hydroelectric and natural gas capacity to support the electrification of the country's transport system.

WPMA accepts that displacing long established industry has political and local economic impacts. We accept that it takes time to achieve. A "net zero target" requires as a minimum that the level of support offered to emissions intensive industry is targeted and does not foster illogical investment and reinvestment in the medium and long term.

WPMA's concern at the risk of short term focused policy undermining meaningful change leads it to support NZIF's opposition to separate treatment of agricultural methane as "short-lived" requiring only 'stabilisation' (Option 2) rather than reduction. . We endorse NZIF's arguments against separate treatment of agricultural methane

including that:

- NZ's international emissions liability is the sum of all eligible GHG's whether or not the cost is an individual or a socialised one. Perpetuating the differential treatment of agricultural GHG emissions is to continue the subsidy agriculture has enjoyed since the Climate Change Act came into force. Federated Farmers have estimated the cost of ruminant GHG emissions as exceeding \$800 million per annum, suggesting the existing subsidy is of that scale. As NZIF and others have said in past submissions, forestry and in particular afforestation is adversely affected by selective regulation of GHG emissions from different land uses. The favoured treatment of ruminant methane exacerbates selective regulation of other adverse effects of agricultural land use more generally. The value of favourable regulatory treatment is capitalised into the value of land with adverse implications for alternative land uses including forestry.
- Option 2 presupposes that the established international consensus with respect to the greenhouse warming potential of methane is wrong. If that international consensus is wrong because methane is a 'short lived gas' then the logical response would be to seek a change to methane's international CO₂e rating.
- It has long been argued that NZ's status as a trading nation and a member of the UN requires that we do our proportionate best to address climate change. It would seem appropriate on that basis for NZ to seek international consensus / endorsement of its view of methane as a 'short lived gas' with a lower CO₂e rating, recognising that NZ's internationally agreed reduction target is based in part on the prevailing international understanding.
- If the GHG warming potential of methane from anaerobic decomposition of organic material is incorrect the liability for emissions from landfills imposed since 2013 should be reviewed and presumably rebated.
- Climate change is a global and a dynamic problem. Removal rates of methane based on current understanding of global processes may justify its description as a 'short lived' gas. That said, there is no certainty that those global processes won't change. Observations of accelerated warming of arctic regions can be extrapolated to suggest an increased rate of methane release to the atmosphere as the area of permafrost reduces. Warming of arctic waters raises the possibility of an increase in atmospheric methane from oceanic methyl hydrate deposits. An increase in methane without commensurate increase in the atmospheric chemistry responsible for its removal suggest there is no certainty that current estimates of methane's half-life will be correct in the medium and long term. Note that the methane from methyl hydrate may be considered fossil. Degradation of such methane to atmospheric CO₂ represents a net increase in the atmospheric concentration of the "long lived" CO₂ concentration.
- A commitment to "stabilising" any level of GHG implies that there is some on-going level of emission of that gas that is, or could be, cost free to the emitter. The DD does not address how the 'financial advantage' conferred on those deemed to be emitting within the stabilised cap is to be managed, assuming that is the intention. Consideration needs to be given to the presumption in NZ's environmental legislation that there is no 'right to pollute'. The assumption in NZ environmental law is that resource users will take practicable steps to avoid

or mitigate any associated adverse environmental effects. Notwithstanding legal precedent, there is no reason to ‘grandparent’ ruminant methane emissions to an existing or any other emitter and a risk of a perverse environmental outcome if that were to happen. Grand-parented pollution rights discourage innovation and investment in emissions reduction including afforestation, a situation that can have far reaching ramifications on the ability of Government to achieve its one billion tree planting initiative. They translate into the capital value of properties deemed to have such rights and serve as a competitive advantage against a ‘new entrant’ in the grand-parented sector and new technology.

- Successive Governments have determined that the imperative of climate change justifies requiring all those able to make practicable reductions in emissions to do so. This logic is as compelling for methane from agriculture as it is from any other source or any other GHG. The emphasis on the practicable is deliberate, recognising that impracticable emission reduction obligations are *situation* rather than *gas* specific.
- WPMA is separately concerned that any impediment to afforestation including limiting the agricultural methane target to “stabilisation” will impede afforestation in general and more importantly impede the Governments one billion tree planting initiative. The resulting lack of forest will in turn constrain NZ’s capacity to transition to a low carbon economy through the increased use of carbon storing and low ‘embodied emissions’ wood products as well as constrain domestic wood processing investment that will create regional jobs and support regional economies.

3. How should New Zealand meet its targets?

Pick one:

- domestic emissions reductions only (including from new forest planting)

The Emissions Trading Scheme (ETS) has been promulgated from the outset on the basis of an international market for carbon offsets. The presumption has been that international agreement should allow NZ (and any other country) to benefit from the least-cost emissions mitigation option available globally. The presumption is of a single international price for emissions. WPMA supports NZIF’s concern that the commercially logical motive of landowners with forests entering the ETS scheme is to secure the future tax free capital gains expected of investment in property. On that basis the risk is that the discounted value of the ‘opportunity’ of carbon forestry will be assumed in determining the value of bare land.

4. Should the Zero Carbon Bill allow the 2050 target to be revised if circumstances change?

Pick one:

- yes

Subject to an unprecedented and unforeseeable change in New Zealand’s political system, it is naive to presume to bind a future Government to any policy, target or direction. Even without substantial change in NZ’s democratic political system, periodic extreme events such as earthquakes and economic cycles suggests it is unwise to presume to bind a future Government to a particular policy no matter how justified that may seem today.

Emissions budgets

5. The Government proposes that three emissions budgets of five years each (ie, covering the next 15 years) be in place at any given time. Do you agree with this proposal?

Pick one:

- no.

It would seem prudent for the government to have at least draft emissions budgets right through to 2050 otherwise there is little evidence to support the claim that New Zealand will reach net zero by 2050. There has been a lot of work on the specific options available for New Zealand to reduce its gross emissions by Globe-NZ (Vivid Economics) and the Royal Society of New Zealand, for example. This work extends to 2050.

The DD makes clear the Government's presumption that afforestation will remain a cornerstone of NZ's climate change strategy with an additional 1million or more new hectares being postulated. . The sequestration provided by new land planting will extend right through to 2050. It therefore should be required that the contribution of the emitting sectors to the net zero target should be modelled through to 2050.

The wood generated from an increase in the national forest estate is likely a cornerstone requirement for the transition of the NZ economy away from fossil fuels. Paper packaging, solid and reengineered building products and wood-based biofuels are obvious substitutes to existing emissions -intensive alternatives. The existence of investment in local wood processing capacity, particularly long term investments, assists with afforestation. It serves to reduce the risk to those investing in afforestation by representing a market for the resulting wood fibre at harvest.

WPMA is supportive of the positive recognition in the DD of the role of afforestation and the broader role of the sector in the low-emissions economy of the future. Investments in afforestation generate returns over periods measured in decades rather than years. The investment uncertainty associated with emissions budgeting periods of 5 years will do little to encourage, and could undermine, afforestation investment. Lack of investment in afforestation will in turn impede investment in the domestic processing of low embodied-emissions products from wood which in turn impedes the growth of regional jobs and regional economies. We suggest an effective emissions budget will be of the order of thirty or more years. The shorter budgeting periods proposed will be a retrograde decision if the zero emissions goal in 2050 is to be achieved.

6. Should the Government be able to alter the last emissions budget (ie, furthest into the future)?

Pick one:

- yes, each incoming Government should have the option to review the third budget in the sequence

In the absence of dramatic change to NZ's political system, the Government of the day will retain the right to make any change demanded by changing circumstances.

7. Should the Government have the ability to review and adjust the second emissions budget within a specific range under [exceptional circumstances](#)?

Pick one:

yes

As for Question 6

8. Do you agree with the considerations we propose that the Government and the Climate Change Commission take into account when advising on and setting budgets?

Pick one:

yes

The DD suggests a Climate Change Commission (CCC) would “help people hold Governments to account”. This overlooks the role and (apparent) lack of success of successive Parliamentary Commissioner’s For The Environment in successive reports on climate change. The Productivity Commission has recently reported independently on transitions required for the NZ economy in the face of NZ’s international climate change commitments. WPMA suggests a review of the independence and expertise of those parts of the Public Service currently providing climate-related policy advice may be more cost effective than the formation of additional independent agencies of Government. WPMA would favour an in-depth examination of the opportunity for the development and adoption of multi-party policy on climate change. If a CCC is established, that should form its core mandate and function.

Government response

9. Should the Zero Carbon Bill require Governments to set out plans within a certain timeframe to achieve the emissions budgets?

Pick one:

yes

The greatest certainty with respect to emissions budgets will come from the adoption of a multi-party policy on climate change.

10. What are the most important issues for the Government to consider in setting plans to meet budgets? For example, who do we need to work with, what else needs to be considered?

An effective climate change policy is one that accounts for the significant economic and social costs of achieving zero net emissions. Climate and other environmental policies are unavoidably socially and economically regressive. Advice and management is required to ensure those costs are kept within socially acceptable limits. It is essential that advice from NZ’s economic and social agencies is sought and heeded and that any final policy reflect more than a scientific and ecological understanding of the impacts of climate change.

Climate Change Commission

11. The Government has proposed that the Climate Change Commission advises on and monitors New Zealand's progress towards its goals. Do you agree with these functions?

Pick one:

yes

WPMA suggest a multiparty commitment to an agreed policy on climate change is a prerequisite for that policy to be effective.

12. What role do you think the Climate Change Commission should have in relation to the New Zealand Emissions Trading Scheme (NZ ETS)?

Pick one:

advising the Government on policy settings in the NZ ETS

A stated purpose for the proposed CCC is to "provide on-going, independent expert advice to the Government". To the extent that that purpose is achieved WPMA would support the mandate of the CCC extending to providing advice on the efficacy and policy settings of the ETS.

13. The Government has proposed that Climate Change Commissioners need to have a range of essential and desirable expertise. Do you agree with the proposed expertise?

Pick one:

yes

A stated purpose for the proposed CCC is to "provide on-going, independent expert advice to the Government". To the extent that that purpose is to be achieved WPMA would support the Climate Change Commissioners having the "range of essential and desirable expertise" appropriate to its mandated task(s).

Adapting to the impacts of climate change

14. Do you think the Zero Carbon Bill should cover adapting to climate change?

Pick one:

yes

An effective climate change policy should take advantage of all cost effective means of achieving NZ's reduction target including the opportunity arising from greater use of wood and wood fibre. On this basis WPMA suggests it is essential that climate policy including the Zero Carbon Bill cover NZ's adaptation strategy.

15. The Government has proposed a number of new functions to help us adapt to climate change. Do you agree with the proposed functions?

Pick one:

yes

WPMA is concerned at the emphasis on “reporting” in the DD under the auspices of adapting to the impacts of climate change. Effective adaptation requires the CCC to identify and promulgate opportunities for climate-related changes to the economy. The greater use of wood and wood products is one such strategy.

WPMA supports the proposed NAP focus on providing advice relevant to the known and predictable risks of climate change and on ways and means of cost effective adaptation.

16. Should we explore setting up a targeted adaptation reporting power that could see some organisations share information on their exposure to climate change risks?

Pick one:

yes

WPMA is concerned “a targeted adaptation reporting power” could distract from providing practical advice on optimal adaptation.