



**SUBMISSION: IMPROVEMENTS TO THE NEW ZEALAND  
EMISSIONS TRADING SCHEME**

**To: Ministry for the Environment**

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## INTRODUCTION

1. This submission is made on behalf of Te Whakakitenga o Waikato Incorporated (formerly known as Waikato-Tainui Te Kauhanganui Incorporated) to the Ministry for the Environment (**MFE**) in relation to the Improvements to the New Zealand Emissions Trading Scheme (**ETS**) consultation document.
2. Te Whakakitenga o Waikato Incorporated (**Waikato-Tainui**) is the governing body and mandated iwi organisation for the 68 marae and 33 hapuu of Waikato-Tainui and manages the assets of Waikato-Tainui for the benefit of over 72,000 registered tribal members.
3. Waikato-Tainui makes this submission on behalf of our Marae, Hapuu and Iwi members. The rohe (tribal region) of Waikato-Tainui is bounded by Auckland in the north and Te Rohe Potae (King Country) in the south and extends from the west coast to the mountain ranges of Hapuakohe and Kaimai in the east. Significant landmarks within the rohe of Waikato include the Waikato and Waipaa Rivers, the sacred mountains of Taupiri, Karioi, Pirongia and Maungatautari, and the west coast of Whaingaroa (Raglan), Manukau, Aotea and Kawhia moana.
4. This submission will lay out the views, concerns and recommendations of Waikato-Tainui regarding the proposed improvements to the New Zealand Emissions Trading Scheme through the information provided by the Ministry for the Environment.
5. The assessment of the Improvements to the New Zealand Emissions Trading Scheme consultation document is based upon the guiding principles within the Waikato-Tainui Environmental Plan “Tai Tumu, Tai Pari, Tai Ao” (**the Plan**).
6. Waikato-Tainui requests that this submission be considered by the Ministry for the Environment.

## SUMMARY OF POSITION

7. Waikato-Tainui are tangata whenua of the Waikato and Auckland rohe. This includes the West Coast, Manukau, Whaingaroa, Aotea and Kaawhia Harbours, of which Waikato-Tainui are a kaitiaki. Waikato-Tainui exercise Mana Whakahaere over these regions including the marine and coastal areas.
8. Waikato-Tainui has Mana Whakahaere over its lands, waterways, resources and its associated natural environs.

9. Waikato-Tainui acknowledges the Ministry for the Environment and the proposed improvements to the New Zealand Emissions Trading Scheme that seek to incentivise business to reduce emissions, innovate and invest in low-emissions solutions.
10. The following table outlines the current commercial forestry interests of Waiakto Tainui. This does not include the significant forestry interests by hapuu, whanau, and other Maaori land trusts.

	<i>Location</i>	<i>Crop</i>	<i>NSA (ha)</i>	<i>Planting</i>	<i>Age</i>	<i>Harvest</i>
<i>Onewhero</i>	Port Waikato	Radiata	797	2013-2018	1-5	2040/2045
<i>Waipuna</i>	Huntly	Redwood	219	2005-2007	11-13	2040/2042
<i>Whatawhata</i>	Whatawhata	Radiata	151	2001/2002	16-17	2028/2029
<i>Kawaroa</i>	Kawhia	Radiata	393	1996/1997	22-23	2023/2024
			<b>1559</b>			

11. Waikato-Tainui supports the purpose of the ETS which seeks to reduce greenhouse gas emissions but does not believe that the current mechanisms are providing incentives to meaningfully reduce the carbon emissions of New Zealand. This is a major concern.
12. While outside the scope of this review Waikato Tainui is seeking clarity on the future of the agricultural sector in a emissions management scheme.

## **WAIKATO-TAINUI ENVIRONMENTAL PLAN, TAI TUMU, TAI PARI, TAI AO**

13. The Waikato-Tainui Environmental Plan, “Tai Tumu, Tai Pari, Tai Ao” (**Plan**) is an environmental policy/planning document that provides guidance for resource users and managers in terms the sustainable management of the natural resources within the Waikato-Tainui tribal area. The Plan takes a holistic and integrated approach towards resource management<sup>1</sup>.

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1. Waikato-Tainui Environmental Plan “*Tai Tumu, Tai Pari, Tai Ao*” 2009 sourced from <http://www.wrrt.co.nz/environmental-management-plan/>

14. The overarching purpose of the Plan is to provide a map or pathway that will return the Waikato-Tainui rohe to the modern-day equivalent of the environmental state when Kiingi Taawhiao composed his maimai aroha. To do this, the Plan seeks to:
- Provide the overarching position of Waikato-Tainui on the environment;
  - Consolidate and describe Waikato-Tainui values, principles, knowledge and perspectives on, relationship with, and objectives for natural resources and the environment;
  - Underpin the development of a consistent and integrated approach to environmental management within the Waikato-Tainui rohe;
  - Describe Waikato-Tainui environmental issues;
  - Provide tools to enhance Waikato-Tainui mana whakahaere and kaitiakitanga, particularly when participating in resource and environmental management through:
    - (a) Influencing the development of all environmental policies and plans that affect Waikato-Tainui;
    - (b) Establishing a framework for resource and environmental management to support tribal members, whether as whaanau, marae, hapuu, or whatever grouping Waikato-Tainui, from time to time, choose to adopt;
    - (c) Providing mechanisms to restore and protect the natural environment of Waikato-Tainui, whilst recognising the reasonable needs of local communities;
    - (d) Actively contributing to the co-management of the Waikato River;
    - (e) Influencing local and national decision makers;
    - (f) Providing a guide for resource users or developers in the Waikato-Tainui rohe;
    - (g) Affecting how and where development may occur;
    - (h) Providing clear and consistent issues statements, policies, and methods to manage natural resources; and
    - (i) Provide guidance to external agencies regarding Waikato-Tainui values, principles, knowledge and perspectives on, relationship with, and objectives for natural resources and the environment.
15. Section C of the Waikato-Tainui Environmental Plan expresses our concern regarding human activity and the cumulative effects of discharges, farming, industry, commercial practices and deforestation that contribute to climate change, global warming and the reduction in the ozone layer.

16. Waikato-Tainui are currently developing a climate change strategy. Within this strategy it is important that the cause and effects of climate change are understood, prepared for, and managed within the Waikato-Tainui rohe.
17. Waikato-Tainui expect that the Crown give effect to the Plan in order to develop robust and meaningful environmental outcomes in the Waikato rohe.

## **WAIKATO-TAINUI AND THE CROWN ACCORDS**

18. The Accords set out how Waikato-Tainui and the Crown will establish and maintain a positive, co-operative and enduring relationship.
19. Waikato-Tainui acknowledge the Ministry for the consultation on the proposed improvements to the ETS.
20. As a Treaty partner, Tangata Whenua and as kaitiaki within its tribal rohe it is very important that Waikato-Tainui are engaged at the earliest opportunity regarding the development of any plans or policies (i.e. co-design or co-development) to provide guidance regarding our values, principles, knowledge and perspectives on, relationship with, and objectives for natural resources and the environment.

## **WAIKATO-TAINUI VIEWS AND RECOMMENDATIONS**

### **THE ETS AND AGRICULTURE**

21. The consultation documents do not discuss the role of agriculture within the ETS instead they refer to the Climate Change Committee who will consider how agricultural emissions should be entered into the scheme. Again, Waikato-Tainui is uncomfortable with the lack of clarity and consultation around this aspect and the significant impacts to environmental and commercial outcomes.
22. Waikato-Tainui recognise the importance of agriculture to the New Zealand economy including the Maori economy but also acknowledge the agricultural sector is a major emitter of greenhouse gases therefore it is crucial that activities such as dairy farming be incorporated into a emissions management system.

### **INDEPENDENT CLIMATE CHANGE COMMITTEE - MAORI REPRESENTATION**

23. Waikato-Tainui support the establishment of an Independent Climate Change Commission and believe the Commission must have Maori/Iwi representation to provide guidance regarding Maori values, principles, knowledge and perspectives regarding our natural resources and the environment.

## **THE ETS AND AVERAGING**

24. Waikato-Tainui supports the proposed averaging approach acknowledging that it provides both an incentive participant in the ETS and to reduce emissions.
25. The averaging approach is consistent with the findings of the Forestry Reference Group set up under the last government and is also consistent with New Zealand's international commitments.
26. Averaging provides greater certainty over income to maturity and reduces harvesting liabilities. The proportion of NZU's that can be safely sold during the life of the forest as it is growing/harvested in rotation opposed to NZU's being retained to meet deforestation liabilities at harvest, which is currently the case.

## **SETTING OF ETS UNIT SUPPLY UNITS**

27. Waikato-Tainui supports this process and the capping/reduction of NZU's which will provide an incentive to reduce emissions and set a pathway towards New Zealand's 2030 emission reduction target.

## **AUCTIONING**

28. Waikato-Tainui support a single round auction as it provides less risk, less complexity and a streamlined approach.

## **PRICE CEILING**

29. Waikato-Tainui support the proposed CCR. The increasing price ceiling provides more incentive to business to innovate and invest in low emissions technology. At the same time the CCR process and the price ceiling will continue to provide an element of certainty.
30. Waikato-Tainui also believe it is necessary to introduce a price floor to ensure that the protections and security afforded to emitters by the CCR are also provided to the forestry sector as the sole sequestration source.

## **INTERNATIONAL UNIT LIMIT PROPOSAL**

31. Waikato-Tainui support the proposal to limit international carbon credits entering the NZ ETS as this may impact upon New Zealand's emissions reduction targets. The Government must therefore manage international carbon credits for the NZ ETS so that these are accounted for in the ETS unit supply volumes setting process and have environmental integrity.

## **INDUSTRIAL ALLOCATION PHASE DOWN**

32. Waikato-Tainui support the phase down of industrial allocation and would recommend the third option with a reduction of 3 per cent per year.

## **COMPLIANCE AND PENALTIES**

33. Waikato-Tainui support this proposal recognises that without penalties there is little incentive for participants to comply with the ETS rules. These penalties provide a degree of accountability and credibility for the NZ ETS.

## **THE NEW ZEALAND ETS AND FORESTRY RULES**

34. MFE have proposed amendments to the forestry rules align with and support the Governments Billion Trees Programme, with a focus on the “right trees in the right place for the right purpose”. The Minister has acknowledged that afforestation is a key opportunity for New Zealand to address emissions reductions.

## **EXCLUSION OF ON-FARM RIPARIAN PLANTING**

35. There has been no discussion regarding the ability to aggregate on-farm plantings more broadly across a property or farming enterprise i.e. planting on other marginal lands. The report notes that 42ha of forest is needed for every 100 cows.
36. Excluding aggregated on-farm plantings means all offsets must be achieved by direct forestry investment or purchase of NZU (rather than a mix of on-farm offsets and investments/NZU).
37. Riparian planting has other environmental benefits including reduced run off or leaching, increased biodiversity, increased native habitat and a reduction in erosion or sedimentation.
38. Riparian planting combined with planting on marginal lands on farm areas would increase emissions reductions above that of riparian planting alone should be encouraged and incentivised.
39. When considering the wider benefits of riparian planting Waikato-Tainui believe that there is still value in incentivising on farm riparian planting through the ETS.

## **RULES FOR NEW FORESTS**

40. Waikato-Tainui support incentives for the planting of mixed species forest specifically indigenous forests opposed to mono cultures as this would not only support New Zealand’s emissions reductions targets but also our Biodiversity Strategy.

## **EXISTING POST 1989 FORESTS**

41. The Ministry is considering three options for existing post 1989 forests these include:
  - a) the status quo;
  - b) averaging; or
  - c) making a one-off choice between the first two options.
42. The use of averaging has the potential to cause issues for some forest owners with more mature forests or with existing commitments, therefore a transition approach is proposed that uses a Managed Emissions Return Period (MERP) of three years.

## **OFF-SETTING DEFORESTATION LIABILITIES**

43. MFE has proposed a system of off-setting deforestation liabilities which involves replanting in a new location. This is currently enabled for pre-1990 forest but not post-1989 forest. This option provides stakeholders with greater flexibility in land use.

## **HARVESTED WOOD PRODUCTS**

44. Under the amended ETS harvested wood products would be recognised for their carbon storage. This would align with new international settings. Under the ETS this could allow foresters to receive extra NZUs on top of their average carbon stock or a fund created to focus on manufacturing long lived timber products. Waikato Tainui support initiatives that incentivise sustainable development and industry.

## **PERMANENT INDIGENOUS FORESTS**

45. Waikato-Tainui would request that pre-1989 established forests be included as permanent forest within the ETS.
46. Under the proposed new rules for forestry there will be Pre-1990 exemptions for multiply-owned lands of under 50ha forests. This would streamline the process for those multiply-owned Maori lands wanting to enter into the ETS.
47. Waikato-Tainui would also support the proposal to de-register non-compliant foresters.

## **IWI AND MANA WHENUA ENGAGEMENT**

48. Waikato-Tainui acknowledge MFE for their engagement with Iwi regarding the proposed improvements to the New Zealand Emissions Trading Scheme and encourage continued engagement regarding these matters.

## **CONCLUSION**

49. This submission outlines the views, concerns and recommendations of Waikato-Tainui.

**DATED**

14 September 2018

**WAIKATO-TAINUI**

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# APPENDIX 1 – WAIKATO RAUPATU MARAE

