13 May 2025

Address to Environmental Defence Society Conference

Thank you for having me here today. In my role as Parliamentary Commissioner for the Environment, and as a rural New Zealander, I have spent considerable time thinking about – and living with - land use change. I have written several reports about it. The first was released in 2019, with another major synthesis report released last year along with two in-depth case studies, and finally I have just released a report on forestry in New Zealand, entitled *Alt-F Reset: Examining the drivers of forestry in New Zealand*).

In the fifteen minutes you've allotted me, I'm going to condense some key findings into a few brief points. If you are interested in more detail, take a look at the full reports on the PCE website.

The first point, which is obvious but worth stating, is that **land use change is the norm in New Zealand**. It is driven by both economic forces and policy settings and will in future also be driven by climatic changes. In recent years two key trends have emerged. Firstly, the move to dairy farming due to its relative profitability, and then more recently, the conversion of sheep and beef country to forestry

The move to forestry was initially driven by simple economics: sheep and beef farming had become marginal while production pine forestry was more profitable. However, current settings under the NZ ETS have effectively supercharged the conversion to forestry through a new economic incentive: permanent pine forests planted to offset fossil fuel emissions.

Unsurprisingly, many wondered why these permanent forests couldn't be native. The Climate Commission reinforced those hopes by publishing a demonstration pathway that envisaged roughly 30,000ha of natives being planted annually by 2035 – in addition to similar areas of new exotic afforestation. These very large numbers sparked my enquiry. I wanted answers to some key questions: was native afforestation at the scale

projected practically achievable? Was the spread of radiata pine as bad for New Zealand as some were claiming?

My report lays out the answers in detail. But here are a few of the key findings in brief:

Firstly**, native afforestation at scale has many benefits, but it is a challenging and expensive undertaking** and one that can take decades to centuries to bring to fruition. The biggest barrier to its success is our lack of knowledge about how to go about it. We are trying to recreate native forests in an environment which is very different from the one in which native forests originally grew. Animal pests, weeds, disease, land use change and now climate change itself make the re-creation of resilient, self-perpetuating native forests very challenging.

Secondly, **production forestry is not the villain that it is sometimes made out to be.** Sited appropriately and managed well it provides a sound economic return and local employment. Production forests can offer environmental benefits (as all forests do) – but there are also risks that make it unsuitable in some places. Importantly, because production forests are managed for profit there are strong incentives to manage them and the land on which they are sited.

Permanent carbon forests are another matter. Because - let's be clear – to offset long-lived carbon emissions these forests must remain there, effectively *forever*. They must be maintained and protected against fire, disease, pests and severe weather events - *forever*. This cannot be guaranteed. Losing the carbon stored in them will be increasingly likely as a changing climate brings wildfires and severe weather events in its wake.

The other question that has been largely ignored in the current debate is: **how will the long-term maintenance of carbon forests be funded** when the flow of carbon credits begins to slow or indeed dries up? And if forest owners do not maintain their forests, will taxpayers be expected to carry the can for management costs or carbon liabilities?

But there is a more fundamental issue here. Allowing forestry offsets in the NZ ETS has set up a situation where if we continue to emit carbon dioxide

and fail to reduce gross emissions, we will need to plant more and more forests. This will lock up more and more land in carbon forestry effectively removing future land use options and further disrupting rural communities. We are committing future generations to maintaining a much larger forestry estate in a much warmer world.

I am again proposing what I see as the simplest solution to this problem: **phasing forestry offsets out of the NZ ETS.**

This would mean that no additional forests would be registered. Forests that were already registered could be grandfathered but over time, the diminishing supply of forest units would drive carbon prices up and gross emissions down – which is exactly what an ETS is supposed to do

We could, instead, harness climate policy to drive positive land use change. A rising carbon price would likely lead to **increased revenue from auctions, which could then be used to fund native afforestation initiatives** in the areas that need it most, such as areas with highly erodible soils or whenua Māori. And as a fossil fuel user, I like the idea of having to pay to undo some of the past damage we've wreaked on our landscape.

Another option is to use afforestation to mitigate the warming effects of agricultural methane emissions. I have suggested creating **a separate ETS to manage biogenic methane that allows for forestry offsets.** I believe this is respectable because – unlike permanent carbon forestry – forestry offsets from production forestry are better matched to shorter-lived methane emissions. It would also allow the people who live and work on the land to manage their methane emissions by deciding where and how forests are established.

The Government has signalled in the last couple of weeks that it has no plans to remove forestry from the ETS. I'm not surprised by this short-run response – it would involve a very significant change, not one you would make without carefully preparing the ground. But the issue can't be avoided for long. Successive governments have not wanted to confront the consequences of treating forestry as a get out of jail free card for dealing with our emissions. As a result, they have a tiger by the tail.

Modelling from various sources suggests that forestry offsets will eventually place the long-term viability of the NZ ETS at risk. It shows that in the mid-2030s a glut of forestry units in the ETS will cause the price to start falling, leaving us with a scheme that can deliver neither tree planting nor emission reductions. This will undermine our ability to meet our climate targets. But if a low price leads to ongoing emissions, we will eventually need to begin planting trees again. And we will need to keep the ETS going to ensure that we retain the existing stock of forestry in perpetuity.

If the Government doesn't plan to reform the ETS, then at the very least **it should review the permanent forestry category**. The rules and expectations around permanent forests need to be clearer and focused on the longer term, to account for the risk that once the flow of carbon credits slows, there may be little incentive for owners to continue to manage their forests.

I mentioned earlier that owners of production forests do have continued incentives to manage their forests well in the long run. However, the impacts from Cyclone Gabrielle in Tairāwhiti have shown that this does not always happen. For this reason, my forestry report contains recommendations on better management of environmental risks from production forests.

The first is to **ban clear-fell harvesting in high-risk areas**, with work done to identify these areas. The second is for the Ministry for the Environment to **investigate ways to ensure forestry companies cover the costs of the environmental damage they cause**. These would need to be enforced through revised regulation. Taking responsibility for the negative environmental effects of production forestry must become part of the cost of doing business. Otherwise, we are choosing to degrade the environment further.

If New Zealand wants to encourage different types of forests, other than pine, then a number of barriers stand in the way.

Firstly, we simply don't know as much about alternative forestry systems as we do about the conventional radiata pine regime in which we have invested generations of research. And these unknowns make investing in

alternative forests a risky proposition. I have suggested that we make **filling these information gaps a research priority** and that we bring together all of the currently available information to make it easily accessible.

There are also regulatory barriers that could be lifted to encourage alternative forestry systems. I have recommended **a review of rules in the Forests Act** 1949 that disincentivise landowners from regenerating native forests and how councils treat native timber harvest. I have also suggested **changes to the way our Building Standards are set and reviewed** to remove barriers to greater use of alternative species' timber.

My forestry report makes a good case for the diversification of our forestry estate, but I deliberately did not recommend that. That is because I believe that ultimately the **decisions about what works best for the land** – whether it be exotic or native afforestation, changes to land management approaches or full-scale land use change - **must be made by those closest to the land**. This approach to environmental management, detailed in *Going with the Grain*, proposes that central and regional levels of government determine ***what*** the desired environmental goals and outcomes should be – in consultation with communities. But ***how*** those are met is led and driven by landowners, local communities and mana whenua through collectives such as catchment groups. Standardising from the centre is too blunt a tool to account for the variations across our landscapes and will create unnecessary costs throughout the system. Indeed, I worry that current resource management reforms are placing too much faith in the ability to deal with everything through standardised, national templates.

In *Going with the Grain*, I argued that the catchment and sub-catchment level is the logical scale for environmental management. Currently we issue national level decrees about what should happen and then try to manage things at a property level. But environmental issues don't map neatly onto property boundaries.

Without cooperation from neighbours and others sharing the same catchment, individuals can have only a limited impact on addressing environmental issues like freshwater quality and biodiversity loss. The

layers you see here for part of the northern Wairoa catchment are not available in many parts of New Zealand.

A final point to make is that any changes we make to rural land must be well-informed and based on good quality information. Everyone making environmental management decisions - regulators and regulated alike – should have **easy access to high quality environmental information.** This investment should be made by the Government as a freely available public good. Currently, people are paying for information that taxpayers paid for long ago. Trying to piece together multiple bits of geo-spatially specific data – and find the gaps – is a major quest. I have put it to the Government that this is a challenge it cannot dodge if it wants to continue with its reforms. They will fail without it.