



# Low-emissions economy draft report: A Submission to the Productivity Commission

8 June 2018

Sandra Cortés-Acosta

Victoria University of Wellington and Motu Economic and Public Policy Research

sandra.cortes-acosta@vuw.ac.nz

**About Motu:** Motu is the top-ranked economics research organisation in New Zealand and among both the top ten global economic think tanks and the top ten international climate think tanks. As an independent research institute operating as a charitable trust, Motu does not advocate for any organisational view or position. **This submission is provided in an individual capacity.**

**My role:** I am from Colombian and have a particular interest in rural development and agricultural policy. I am doing a PhD in Environmental Studies at Victoria University of Wellington. My thesis focuses on learning about Māori land governance structures and exploring how these structures affect land-use decisions. My thesis is supervised by Suzi Kerr, Dave Frame, and Carwyn Jones.

I recognise that administration of Māori land can be complex due to historical reasons. My study has been done with deep respect, ethical, and sympathetic engagement with Māori communities. Any information provided in this report intends to inform and share my personal experiences and understandings.

## Key messages in this submission

1. The carbon cycle is not something within the Māori worldview and this creates mistrust.
2. Māori land is hard to administer, it can be a barrier to signing up to the ETS or carry out a land use transition.
3. There could be a preference for carbon farming natives (usually Mānuka) over pine for various reasons including ease of access to the land, other (non-carbon) financial benefits of Mānuka (e.g. honey or ecotourism), or access to capital in the mid-term.
4. Need to trust those helping them get into the ETS as it is seen as very complex.
5. There are concerns about: the impact of Mānuka on the land (pesticides and herbicides), the impact of pine on the land (infertility of soil, lack of 'native' status, and difficulty of



access due to H&S concerns), promises of local upskilling being broken by importation of workers from other areas, liabilities for landowners vs. forestry owners.

6. There is a lack of understanding about why pre-1990s forest is not able to be included.
7. Provide comprehensive information for Māori can help to reduce the misinformation. There are high levels of misunderstanding and miscommunication about carbon farming and Emission Trading Scheme (ETS).



## Detailed submission

### 1. Cross-cutting issues

The information contained in this document is part of the project The New Zealand ETS to facilitate native forest regeneration on Māori land and part of the author PhD's dissertation. The overarching project seeks to find ways that Māori landowners or communities could benefit from native forest regeneration using funds through the Emissions Trading Scheme (ETS). The purpose of this particular research is to analyse whether and how Māori land owners have made choices about carbon farming in the past, its alternatives, and sustainable land management. The project seek to better understand the decision-making process and its development over time.

I interviewed landowners on the East Coast who have had experience with carbon farming. The interviews aimed to explore the perceptions towards carbon farming programs (with an emphasis on the ETS), the strengths and weaknesses of the final agreements reached in the contracts of carbon farming projects, and the opportunity and risk of current contracts for carbon farming.

### 2. Ownership status and actors involved in the decision-making process

- Administration of Māori land can be complex. Cooperation and trust within the multiple owners is a key component to make decisions. It could take a lot of time.
- Te Ture Whenua Māori Act 1993 has requirements that can be hard to accomplish and limits the possible utilisation of the land. For example, in incorporations most of the committee members have to sign an agreement. In the case of a trust, all the trustees must sign. This can be a challenge, as all the trustees or committee members do not always reside in the area.
- It is common to lease Māori land blocks for forestry. For example, Ngati Porou Forest Ltd. (NPFL) establishes and manages forestry joint ventures between Ngati Porou landowners and forest investors. The last one were in charge of all the establishment cost of the forest and the liability.
- There are many paper work to follow after landowners make a decision. For example, they need to notify the Māori land Court about possible lease and this body has the last word. This paperwork demotivates the decision making process.

### 3. Section Management of the land and preferences

- Regarding the experience of the landowners interviewed, there were two decisions involved in this process: transitioning to forestry and then being part of the ETS. Most of the land use transitions occurred around 2001-2002. Some of them move out from sheep-beef to pine trees. Others did not have any economic activity in the land, so forestry was an opportunity to have some money. The ETS agreement was signed

around 2011. Carbon farming has provided farmers an opportunity to get access to capital in the mid-term. One person interviewed was surprised to get money for carbon farming as they were expecting to see money after harvesting (about 8-9 years ahead).

- The second rotation on these blocks will be in about 8 to 9 years. Some of them are considering if they would like to continue in pine forestry or move to Mānuka. The last option sounds attractive as they can have incomes associated with honey production, Mānuka oil production, tourism, among other. Additionally, there is a perception that if they are farming Mānuka, they can access their land while Pine crops limit their access to their land because of health and safety considerations.
- The possibility of diversification in the species being planted depends on the returns and financial payments of the activities.

#### 4. Past negotiation/agreement processes

- New land uses (such as forestry vs dairy) or agreements may be perceived to go against social norms or there is desire to maintain land use management because it is something they are familiar with. Concerns are high about the effect of pine on the land, particularly around the way pine may make the land infertile. Someone mentioned that they perceived Mānuka forestry was a greater polluter than dairy, because Mānuka requires pesticides and herbicides. I think this perception is due to a lack of information and the challenges associated with changing habitual behaviour or mind sets.
- The interviews highlighted that landowners do not understand the reasons why pre-1990 forest or “original native forest” are not getting carbon units. There is a lot of speculation around this issue, it creates doubts about the aim of carbon farming as original forests do not receive any reward, but new plantations do. For example, some of them believe the reason original native forestry is not included within the ETS is because the cyclone in 1989 and the erosion of the land.
- Trust is key for the decision making process. I was told that they put their land in forestry, because NPFL provided information and organised everything for them, including planting the trees and maintaining the forest. They leased the land, because they trust in NPFL as they are from the area and there is a sense of belonging.

#### 5. Benefits/cost of the current agreement

- A general aspiration is that the land should do well economically, as it is whanau land. However, they have issues investing in different activities. Forestry was a good option because the company that leased the land established the forest and they will have revenues for this activity after harvesting.
- Most of the starting costs were covered by the forestry company. These cost are: fencing, roads, pest control. Another cost mentioned was the transportation cost of the logs that varies depending of the location of the land.
- Access to capital is a barrier for using their land. Most of them mentioned that they decided to get into forestry because they did not have any other option. Some of them

have more area that could be planted, but they do not have the capital to increase the area.

- The cost can be high due to the administration of the land. It is time consuming and can take a lot of time for the landowners to reach an agreement.
- They were told that one of the benefits of the forestry would be employment for their people. However, it requires specific skills that not necessary local people have. It was mentioned that some of the forestry companies in the area rushed to plan Mānuka forest and brought in people with qualifications and skills from other areas rather than improving the local economy and skill base. In long term, this can affect the credibility and trust of the forestry industry.
- There are concerns around who holds the liability for the landowners (or trustees). Today, NPFL ask the forestry company to hold the liability. The forest company should have the liability of the forest and not the trustees. The rationale: If the land is leased, why do the landowners have to have a legal responsibility for the forest? They want to know how to protect landowners against future liabilities

## 6. General opinion about ETS

- There are high levels of misunderstanding and miscommunication about carbon farming and Emission Trading Scheme (ETS). It is important to provide more information about the topic, as the ETS tends to be stigmatised because of lack of information and education.
- The ETS is considered too technical. Some of them were dubious about talking with me as they thought I would ask technical questions that they were not qualified to answer or that they were not very familiar with.
- The ETS can be considered too political. Even though, some of them have received payments for the carbon farming, they feel that the ETS and politicians are not considered them in the scheme. It was interesting to see that they recognise profits for the carbon farming, but not associate them with the ETS.
- Risk: liability and impacts on the communities because of restrictions on the use and access to their land.
- Carbon emissions are not part of the Māori world view. Having a better understanding of their world view and where carbon could fit could help outsiders interact in a more constructive way. Incorporating new concepts that come from science in their own language and mātauranga requires a lot of work.
- Having the land in Mānuka or Kānuka was not well seen. My understanding is that it was considered as signal that landowners did not have money to use their land. The fact that now Mānuka can get some revenues also imply to change that mind-set. Kānuka is not seen as something profitable yet.
- The topic sounds complicated and the complicated terminology is a barrier to their interest and engagement.

## 7. General opinion about other programmes (ECFP, PFSI, AGS):

- NPFL plays a critical role in the management of the land. NPFL mentioned that many of the blocks that are part of the joint venture have been in these programmes.

- There are high levels of misinformation on the landowners. There was very little information at all about other programmes. Landowners were not aware about these programmes and hence did not know their land has been part of these programmes.
- This information should focus on the ETS and other support forestry projects such as Afforestation Grant Scheme (AGS), Permanent Forest Sink Initiative (PFSI), Erosion Control Funding Programme, (ECFP), among others